

## **Jarnac Court Dalkeith – Proposed Homeless Accommodation**

**Report by Garry Sheret, Head of Property and Facilities Management  
and Kevin Anderson, Head of Customer and Housing Services**

### **1 Purpose of Report**

This report is to advise Council of the proposal to convert the upper floor offices at Jarnac Court Dalkeith to provide emergency homeless accommodation for up to twenty households.

### **2 Background**

- 2.1** Midlothian Council currently own and occupy the upper floor offices at Jarnac Court. These offices are soon to become vacant when works to the ground floor of Midlothian House are completed and the Council's Contact Centre is relocated.

The space will then be vacant and whilst it may be possible to relet the offices, issues regarding Disability Discrimination Act accessibility requirements in relation to offices, will make the space less attractive and depress possible rental levels.

- 2.2** Midlothian Council has significantly reduced the use of bed and breakfast accommodation, from 80 households in 2016 to 45 households in December 2017. This has been facilitated by the reuse of existing Council-owned buildings which were converted for use as Houses of Multiple Occupation (HMO) (Pentland House in Penicuik and the Polton Centre in Poltonhall). This has significantly reduced Council expenditure on bed and breakfast accommodation.

- 2.3** Appendix 8 of the Financial Strategy 2018/19 – 2021/22 Report which was agreed by Council in February 2018 notes the intention to reduce spend in the homeless service and that it will:

*“Continue to meet the Council’s statutory homelessness duties through withdrawing from all B&B provision by the reuse of suitable vacant or vacated council buildings as an alternative option that provides a more supportive and productive environment to homeless households and is also cost effective to the local authority.”*

A saving of £260,000 has been identified as a result of reduced spend on bed and breakfast accommodation. Table 1, below details the current provision of temporary accommodation units in Midlothian. There are currently 320 properties used for temporary accommodation (mainly council-owned homes but also some (RSL) Registered Social Land Lords and private lets). There are currently 100 HMO bed spaces.

With over 1,000 homeless households currently on the Housing List Increased use of HMO bedspaces is required in order to provide an alternative to bed and breakfast accommodation.

**Table 1: Temporary Accommodation Provision in Midlothian**

Area	No. of Temporary Properties	No of HMO Bedspaces	Total Temporary accommodation Available	% of Total Households in Temp Accomodation	Homeless Applicants Area Preferences
BONNYRIGG	49	15	64	15%	18%
DALKEITH	87	19	106	25%	10%
DANDERHALL	5	0	5	1%	5%
GOREBRIDGE	37	1	38	9%	10%
LOANHEAD	21	9	30	7%	7%
MAYFIELD	47	0	47	11%	7%
NEWTONGRANGE	15	0	15	4%	8%
PENICUIK	50	56	106	25%	15%
ROSEWELL	5	0	5	1%	5%
ROSLIN	4	0	4	1%	10%
PATHHEAD	0	0	0	0%	3%
<b>Total</b>	<b>320</b>	<b>100</b>	<b>420</b>	<b>100%</b>	<b>100%</b>

## 2.4 Current Accommodation

The upper floor offices at Jarnac Court provide reasonable, if dated, office accommodation. The space is a mixture of cellular and small open plan office design which to accommodate the current users. In this respect, re-letting the space as currently laid out is likely to prove difficult. The lack of flexibility of layout and perimeter mounted ITC provision will hinder letting of the space resulting in the need to offer significant discounts to any prospective commercial tenants. It is also likely that this process would be fragmented with time delays and extend the vacant period whilst suitable tenants are found and works undertaken. Depending on the extent of the adaptive works required the impact and the return on investment made would be difficult to establish.

## 2.5 To establish the capacity of the building to provide Homeless accommodation plans have been prepared in conjunction with Housing Services and in consultation with Environmental Health and Building Control Service.

This has established that 20 individual rooms with shared lounge/cooking areas; together with an office can be provided within the building. This is detailed in the attached plan at Appendix A. The proposals would involve building partition walls, bathrooms, upgrading of insulation levels, minor changes to the existing windows and installation of a sprinkler system.

- 2.6** Irrespective of whether the Council decided to seek to relet the property as office space or seeks to provide temporary residential accommodation it is clear that expenditure on remodelling of the vacant space will be required.

The proposal to remodel for Homeless provision has a clearly established scope of works enabling a construction budget and delivery timeframe to be set and achieved.

- 2.7** The option of office re-let considered is much less attractive in terms of scope of likely works timescales and the return on investment.

The alternative of seeking to re-let the space for office use is likely to mean that a proportion of the space will be vacant for a significant length of time. The adjacent Soutra Point provides a similar standard of accommodation (but with lift access to all floors) and has had a number of vacant suites on the market. A similar situation at Jarnac Court would mean that the Council's General Fund would carry the burden and risk of empty rates, security and on-going maintenance whilst income levels would be unlikely to cover these at least in the short to medium term. Any incentives or works required by incoming tenants would exacerbate this position.

### **3 Report Implications**

#### **3.1 Resource**

Based on the layout proposals set out in Appendix A the estimated cost of undertaking the refurbishment and development of 20 homeless accommodation units is estimated to be £443,000 as detailed in Appendix B. Refurbishment works will 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.

This work will take approximately 12 months to complete including obtaining necessary consents and approvals. Once complete the accommodation would be immediately available and result in an annual reduction in spend on bed and breakfast accommodation of £277,400.

Should proposals for Dalkeith Town Centre be approved the phasing of the development will mean that Jarnac Court would be in the later phases of the development which are estimated to be at least 5 years from commencement of initial works. The proposal for temporary residential accommodation at Jarnac Court would therefore result in a minimum 5 years saving of £1,387,000 on bed and breakfast costs.

#### **Operating Costs**

On site Housing Support, staff will be required to support the 20 homeless households. It is anticipated that single person households will mainly use the accommodation with a small number of couples.

Homeless families with children will not be housed in this building. Some homeless households may have chaotic backgrounds or vulnerabilities that require support to ensure they sustain their accommodation.

A high level of staff support will mitigate the risk of anti-social behaviour within, or in the vicinity, of the building and will ensure the safety of occupants. In the event that tenants do not abide by the terms of their occupancy agreement they can be removed from the accommodation within 24 hours. Households subject to MAPPA (Multi Agency Public Protection Arrangements) would not be accommodated in the property. Table 1 indicates that operating the building will generate a small surplus for the Housing Revenue Account.

**Table 1: Jarnac Court HMO Operating Costs**

Item	Total
<b>Operating Costs</b>	
Staffing Cost	£257,000
Reactive Maintenance Costs	£13,000
Void Repair Costs	£20,000
Utility Costs	£14,000
Debt Charges	£25,000
Void Income Loss	£24,000
Furnishings	£8,000
Miscellaneous	£4,000
<b>Total Operating Costs</b>	<b>£365,000</b>
<b>Revenues Generated</b>	
Rental Income	£125,000
Service Charges	£237,000
Power and Heat Charge	£5,000
<b>Total Revenues Generated</b>	<b>£367,000</b>
<b>Total</b>	<b>(£2,000)</b>

### 3.2 Risk

Retaining the property in its current use as an office represents the highest risk in terms of financial liability.

Proposals to convert the accommodation to provide residential homeless accommodation carries a risk of objections from adjacent owners and tenants. This risk will be mitigated through ensuring effective management staff and procedures are in place.

It should be noted that there are already homeless units within Midlothian and these function effectively on a day-to-day basis without disruption to adjacent neighbouring occupiers.

### 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.

### 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 will be undertaken involving the local community prior to agreement on progressing with works and obtaining an HMO License.

### **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 HMOs used for temporary accommodation.

## **4 Recommendations**

It is recommended that the Council:

- a) Note the alternative potential uses for Jarnac Court and the implications of these;
- b) Note the proposed use of the upper two floors of Jarnac Court as Homeless Accommodation for a minimum of 5 years from date of initial occupation.
- c) Approve the housing service commencing the process of obtaining an HMO Licence. This will detail the full design proposals. Development works and the submission of full planning and building warrant applications will only commence if an HMO licence is granted for the building;
- d) Note that a consultation exercise will be carried out with the local community and Tenant Groups prior to an application for an HMO licence being made and the outcome of the consultation exercise will be reported as part of the application.

**Date 05 March 2017**

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**Background Papers:**



