



LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 2 September 2008

The following report was received too late to be included on the main agenda for this meeting and was marked 'to follow'. It is now enclosed, as follows:

| Agenda Item Number | Page | Title | Reason for Late Report | Officer Responsible For Late Report |
|---------------------------|-------------|-----------------------|---|--|
| 15 | 1 - 8 | YMCA PLACES OF CHANGE | Received after publication of the agenda. | Corporate Director (Community Services) |

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PLACES OF CHANGE YMCA PROJECT
2nd September 2008

Report of Corporate Director (Community Services)

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| PURPOSE OF REPORT | | | |
| To inform Members of the developments planned by YMCA Lancaster and to seek approval for the City Council to become the accountable body for the funding of £1.5 million from Communities and Local Government for this project. | | | |
| Key Decision | X | Non-Key Decision | Referral from Cabinet Member |
| Date Included in Forward Plan | June 2008 | | |
| This report is public | | | |

RECOMMENDATIONS OF COUNCILLOR John Gilbert

- (1) That Cabinet agrees to the City Council becoming the accountable body for the £1.5M funding being made available from CLG to the Doorstep Supported Accommodation Scheme.
- (2) That delegated responsibility is given to the Corporate Director (Community Services) to enter into an agreement with Adactus/YMCA for the delivery of the completed building works, which limits the City Council's total financial liability to the £1.5M, with the City Council deducting its project management costs from the overall allocation of £1.5M if feasible.
- (3) That the Head of Financial Services updates the Capital Programme accordingly.

1.0 Introduction

- 1.1 Lancaster and District YMCA operates from a former warehouse building in the centre of Lancaster, opposite the city bus station, at the corner of New Road and Fleet Square. The building is on five floors (three of which are currently used): there are also garage buildings at the rear.
- 1.2 YMCA have been working in partnership with the City Council for a number of years to provide services for young people, including young homeless people. They have recently opened the Portland Street Hostel in a property owned by the City Council.

They currently run services within the New Road building that include housing advice, mentoring/counselling of clients, family mediation, skills training, participation in YMCA's DiversityFM Community Radio.

2.0 Planned YMCA Development

- 2.1 The Places of Change project is part of a larger project, called the Doorstep Supported Accommodation Scheme. The detail of the whole scheme and the different funding streams involved is given here so that Members have a clear picture of what is planned in total at the YMCA New St site.
- 2.2 The City Council's Homelessness Strategy 2003 identified the development of housing provision for young single homeless people as a priority. The City Council has worked with YMCA and Adactus RSL to look at how high quality provision can be made for this group in the district. With the City Council's support, Adactus bid to the Housing Corporation for finance to develop both first stage and medium term accommodation at the New Road site. Whilst the bid was initially submitted in 2007, it has only recently (24th June 2008) been confirmed by the Housing Corporation that the bid has been successful.
- 2.3 Both the first stage and medium term accommodation will require staffing. Council officers have therefore been progressing a bid to the County Council Supporting People (SP) programme for the staffing. At the end of 2007, SP confirmed that up to £364,000 per annum revenue finance would be available for staffing for the housing scheme, should its bid for capital finance to the housing corporation be successful.
- 2.4 In December 2007, the government announced that they would consider bids from local authorities for capital finance under their Places of Change programme, being run by Communities and Local Government (CLG). In line with both the existing Homelessness Strategy 2003, and the emerging priorities in the Homelessness Strategy 2008, which was in process of development, Council officers submitted two bids to the Places of Change programme. One bid was for the YMCA scheme (now named The Doorstep Supported Accommodation Scheme) and the other a bid for a project for older people, to be run in conjunction with Recycling Lives (see paragraph 3.1 for further information about this).
- 2.5 Although the Adactus bid to the Housing Corporation was still pending, the expectation was that it would be successful. The bid put forward to Places of Change was therefore to develop the rest of the building in a way that would complement the accommodation scheme and provide a holistic service for homeless people in the District. The initial YMCA bid was for £2.085 million to fund a scheme that would be available to under 25 year olds. Funding was sought to enable the rest of the YMCA building to be developed in an environmentally sensitive way to provide a base for support services for young people and to develop social enterprises. The support services will include all of the existing services (currently provided in a very run down building). The social enterprise activities will include employing residents with community groups and small businesses renting accommodation in the building, running a community café, performance venue, fitness centre, and fitness training and tour guiding. There is no expectation that additional revenue finance from either central or local government will be needed to run the new facilities. The development agreement will stipulate that YMCA takes on all financial risks, including operational costs and Lancaster City Council's liability will be limited to the £1.5m capital grant funding.

- 2.6 When the project is ready to open, the City Council will need to review other facilities available to single homeless people in the District and consider whether any change in such provision will be required. This will ensure that efficiency gains are made where possible.
- 2.7 In May 2008, CLG confirmed formally the announcement that they had made the previous month that the Doorstep Supported Accommodation Scheme had been successful in its bid for funding. Cuts had been negotiated in the original bid, and CLG confirmed that £1.5 million would be available for the period covering 2008-2011. YMCA agreed that the facilities would also be available to those over 25. Grant payments will be made under s.31 of the Local Government Act 2003.
- 2.8 The local authority would be the accountable body but would not be the contracting body. Responsibility would rest with YMCA (and, as their partner, Adactus) for ensuring that CLG conditions are met – CLG have not made any conditions concerning procurement. Notwithstanding this, City Council officers have checked with Adactus and been advised that the selected contractor has been through an OJEU (Official Journal of the European Union) compliant selection process.
- 2.9 Discussions have since taken place with YMCA and Adactus RSL, and Adactus are prepared to take on the role of project managers for this scheme. This has a number of advantages:
- Adactus will be developing on the same site with Housing Corporation finance and it is sensible for only one firm of contractors to be on site.
 - As a registered social landlord, Adactus are very experienced at managing capital projects, keeping them within cost, and bearing any risks and liability for overspends.
 - The City Council will be able to form a development agreement with Adactus/YMCA before any money is drawn down, detailing these responsibilities in full.
 - The development agreement will also include detail of the City Council's project management costs and if feasible, the City Council will deduct these from the overall allocation of £1.5m.
- 2.10 An initial meeting held in June between YMCA, Adactus, the architect and contractor has produced the following program:
- Commencement on site January/February 2009
 - Completion July 2010

Further detailed specifications still need to be drawn up and investigative works undertaken. So actual payments for costs incurred would need to start from September 2008 onwards.

3.0 Recycling Lives

- 3.1 A separate bid was made to CLG under the Places of Change programme for monies to set up a Recycling Lives project. Recycling Lives is a voluntary organisation, based in Preston, who are developing a scheme there aimed at helping older homeless people, usually with drink and drug problems, through providing accommodation and employment for this group, on a single site. Accessing the accommodation is dependant on a willingness to work and remains as a condition of occupation.

3.2 This bid was not successful, but has been put on a reserve list. If there is slippage in the Places of Change programme in future years, this bid will be reconsidered.

4.0 Details of Consultation

4.1 Both the Homelessness Strategy 2003 and the emerging Homelessness Strategy 2008 were consulted upon at length with partners and stakeholders. The need for further provision for single homeless people has been recognised in these strategies, and also forms part of the overall Housing Strategy (2005/06 – 2008/09) as the regeneration of the West End links closely with the need to develop provision for vulnerable people elsewhere in the District, and the need to ensure that facilities are available to help people into education, training and work. The details of this report have not however been specifically subject to consultation.

5.0 Options and Options Analysis (including risk assessment)

5.1 **Option 1:** Agree to the City Council becoming the accountable body for the public money being made available from CLG to the Doorstep Supported Accommodation Scheme, subject to the asset management working group being satisfied that any risks and liability for over spends are on the part of Adactus/YMCA and not the City Council. The development agreement drawn up with Adactus/YMCA would also make it clear that the City Council do not expect to provide any revenue funding for the scheme.

This would enable the rest of the YMCA building to be developed, subject to the drawing up of a formal development agreement which satisfies the Council’s financial and legal officers that risks are not being borne by the City Council.

This option would enable a project to go ahead, at no financial cost to the City Council, drawing in substantial funding from other sources, and meeting needs which the City Council itself has identified.

The Adactus scheme at the YMCA premises would still go ahead having secured funding from the Housing Corporation.

| Risk | Likelihood | Impact | Mitigation |
|---|--|---|--|
| That outcomes set by CLG as conditions of funding are not met – conditions are 1) to increase the number of clients positively moving on to independent or more appropriate accommodation; and 2) increase the number of clients moving into education and employment | Medium – the additional accommodation linked to the project has secured funding from the Housing Corporation . It is difficult to predict employment outcomes some years hence as these will partly be influenced by the wider economic environment. | Low – outcomes are not related to the completion of the building but to achievements which can only be measured after building has been in use for a period of time. They do not therefore put the Council at any financial risk. | On completion of the capital project, a new project management group needs to be set up to ensure these outcomes are met. This will include YMCA, the City Council and other statutory bodies. |
| The building is not completed to budget. | Low – The development | High – There is a fixed budget and no | Manage project capital phase to |

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| <p>The risks are</p> <ul style="list-style-type: none"> • A risk of overspend • A risk of major works not being done • A lowering of the quality of finishes to an unacceptable level | <p>agreement route proposed with Adactus RSL should ensure that LCC are not liable for any cost overruns.</p> <p>Should unforeseen costs arise, they will be paid for by a corresponding reduction of costs from another budget line.</p> | <p>further monies will be available from CLG.</p> | <p>LAMP procedures and protocols.</p> |
| <p>The building is not completed on time.</p> | <p>Medium – Indication has been given to CLG of timescale over which development will take place. This has still to be confirmed if/when City Council agree to go ahead with the project. CLG require to know financial years during which grant will be drawn down.</p> <p>Effective project management should allow for early signalling of any problems of overruns from one financial year to another.</p> | <p>Low – other projects linked to this one (but for which the local authority is not the accountable body) cannot go ahead on time if this building project is delayed. Funding for other projects must be drawn down by July 2010.</p> | <p>Adactus could look at contingency plans for providing temporary accommodation for YMCA activities in the event of a delay.</p> |
| <p>The project fails to get planning permission/listed building consent and cannot go ahead</p> | <p>Low – informal discussions between YMCA and Planning Services indicate that planning permission for refurbishing this building unlikely to be contentious.</p> | <p>Low – CLG confirm that they are prepared to meet reasonable costs incurred by the scheme up until a planning decision is made.</p> | <p>Adactus will ensure that the planning application addresses any concerns/ issues raised by Planning Services.</p> |
| <p>YMCA are unable to meet the revenue costs associated with the expanded provision when the building works are</p> | <p>Medium - YMCA plan to fund some of the running of the building through successful social enterprise</p> | <p>Low – the impact on the City Council would be low as it has no responsibility for running the building. The impact on YMCA</p> | <p>The City Council will make it explicit in the development agreement that it can make no additional grant to</p> |

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| completed | projects – the success cannot be guaranteed | would be medium, as they would have to limit the use of the building to those activities which already have revenue funding attached.. | deal with running or support costs for the expanded building. YMCA can actively seek alternative sources of funding. |
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5.2 **Option 2:** Do not agree to proceed with this project.

The finance made available from CLG can not be made available in any other way. The allocation of finance to be spent in our District would therefore be withdrawn. This part of the YMCA project would not go ahead. The Adactus scheme at the YMCA premises that has secured Housing Corporation funding would still go ahead.

| Risk | Likelihood | Impact | Mitigation |
|--------------------------------|--|---|---|
| The project will not go ahead. | High – the finance is only available from CLG if the local authority agree to be the accountable body. | High – there are unlikely to be other substantial sources of finance becoming available that would allow these needs identified in the Homelessness Strategy to be met. | YMCA could be requested to investigate other sources of finance that do not involve accountability from the City Council. |

6.0 **Recommended Option**

6.1 Option one is recommended. This scheme will provide excellent facilities for single homeless people, addressing more than simply their accommodation needs, and ensuring that these are linked to the worklessness agenda, with the facilities being funded by CLG helping people into employment, education and training.

7.0 **Conclusion**

7.1 For this development to go ahead using the CLG funding, the City Council needs to agree to be the accountable body.

RELATIONSHIP TO POLICY FRAMEWORK

The project contributes to meeting priorities identified in the Lancaster District Homelessness Strategy and Corporate Plan priority outcome 15.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The project will help those who are vulnerable and socially excluded. By helping homeless people to access employment, training and education, it will contribute towards ensuring social cohesion which in turn should impact on community safety. Those moving on to either private sector or social rented properties will have more chance of sustaining those tenancies.

FINANCIAL IMPLICATIONS

Should Lancaster City Council proceed with the project, firm systems are in place to facilitate the City Council's role as accountable body for the £1.5M grant funding from CLG. A spend profile is yet to be submitted, but the City Council expect to make 2 claims of £750K in each of the following financial years; 2008/09 and 2009/10.

Although the CLG have made no indication that a formal audit will be required, regular monitoring is expected and will take place in the form of quarterly monitoring reports, which should include details of the projects progress as well as its performance against the Places of Change outcomes.

The development agreement will be drawn up to include that:

- There are no additional capital or revenue cost implications for the Council beyond the £1.5M CLG grant.
- All financial risk, including any running and operational costs, to be taken on by the YMCA .
- Adactus will be reimbursed in the form of grant payments by LCC, on submission of quarterly grant claim forms for costs incurred in respect of the project.
- If feasible, the City Council will deduct its Project Management costs from the allocation of £1.5M.

This project should have no negative cashflow implications on the City Councils budget and Capital Programme will be updated accordingly.

SECTION 151 OFFICER'S COMMENTS

The action taken by former Council staff in submitting the funding bid to CLG should have been reported and approved by Cabinet earlier as a key decision, but this has since been recognised by other Officers and given also other changes that have been introduced, it is

not envisaged that this sort of situation will occur in future.

LEGAL IMPLICATIONS

Legal Services to advise and assist with the drawing up of a formal development agreement. There are no other legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

YMCA Places of Change file

Contact Officer: Sheelagh O'Brien

Telephone: 01524 58405837

E-mail: Sobrien@lancaster.gov.uk

Ref: