

**CABINET – 7 OCTOBER 2009**

**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Disposal of land at Dundas Street, Monkwearmouth

**Author(s):**

Joint Report of the Executive Director of Health, Housing and Adult Services, Executive Director of Children's Services and the Director of Development and Regeneration.

**Purpose of Report:**

To approve the disposal of land at Dundas Street, Monkwearmouth (identified in Appendix 1), to Centrepont to enable the development of the proposed supported housing project for young people.

**Description of Decision:**

To approve the disposal of land at Dundas Street, Monkwearmouth (identified in Appendix 1), to Centrepont on terms to be agreed by the Deputy Chief Executive.

**Is the decision consistent with the Budget/Policy Framework?** Yes

**Suggested reason(s) for Decision:**

The disposal of the site to Centrepont will enable the development of a purpose built immediate access supported housing scheme for 18 homeless young people in Sunderland. This is in accordance with the Supporting People 5-year Strategy as approved by Cabinet in March 2005 to develop a supported housing project for young people aged 16-21.

The disposal of the site at nil cost will enable the project to proceed and forms part of the overall funding solution. Centrepont will also seek capital funding that will be bid for to the 'Homes and Communities Agency' (HCA) to ensure the new provision is developed.

The supported housing project will aid the Council to attain the Government target not to have any 16/17 year olds placed in bed and breakfast accommodation by 2010 as stated in the City's 'Children and Young People's Plan 2007-2009'.

The project will also minimise potential rough sleeping amongst 16/17 year olds by providing suitable emergency accommodation.

Failure to develop a permanent solution would risk not meeting our commitments as current provision is limited and temporary.

**Alternative options to be considered and recommended to be rejected:**

Closure of the project – this would result in; an increase in the risk of 16/17 year olds rough sleeping; an increase in the use of bed and breakfast accommodation for 16/17 year olds; impact negatively on the Council's performance; and increase costs to the Council.

Dispersing vulnerable young people across the City – placing young people in communities without the necessary specialist accommodation and support will not meet the outcomes required and is not a sustainable solution.

The alternatives are not in accordance with the Cabinet decision of 16 March 2005 and would not meet the needs of young people in the City.

**Is this a "Key Decision" as defined  
in the Constitution?**

Yes

**Is it included in the Forward Plan**

Yes

**Relevant Scrutiny Committee:**

Sustainable Communities

Children Young People and Learning

**DISPOSAL OF LAND AT DUNDAS STREET, MONKWEARMOUTH**

**Joint Report of the Executive Director of Health, Housing and Adult Services, Executive Director of Children's Services and the Director of Development and Regeneration.**

**1. PURPOSE OF THE REPORT**

- 1.1 To approve the disposal of land at Dundas Street, Monkwearmouth (identified in Appendix 1), to Centrepont to enable the development of the proposed supported housing project for young people.

**2. DESCRIPTION OF DECISION**

**Cabinet is requested:**

- 2.1 To approve the disposal of land at Dundas Street, Monkwearmouth (identified in Appendix 1), to Centrepont on terms to be agreed by the Deputy Chief Executive.

**3. BACKGROUND**

- 3.1 In March 2005, Cabinet approved the Supporting People 5-year Strategy and Annual Plan, and a strategic priority was to develop a unit for young people aged 16 – 21. This was also detailed in the Young Persons Accommodation and Support Strategy and the Interim Supported Housing Needs Statement.
- 3.2 Centrepont was selected to provide the Young Person's Immediate Access Supported Housing project following a procurement exercise. Centrepont received confirmation of a contract award on 23 August 2005 - in relation to the Supporting People contract (£360,000 per annum) for the provision of a 15 unit 'Young Person's Immediate Access Unit'.
- 3.3 Centrepont is a national charity working to improve the lives of socially excluded, homeless young people. It provides a range of accommodation based services, including emergency night-shelters and short stay hostels; specialist projects for care leavers, ex-offenders, young single parents, foyers and supported flats and floating support services.
- 3.4 Centrepont's Regional Director of Services has provided the following statement about the project : "The development of the much needed new-build service in Sunderland will be a flagship service for Centrepont, working in partnership with Sunderland City Council as we seek to expand our footprint in the north east and provide a national beacon of excellence in tackling youth homelessness. The service will provide a high quality environment for learning activities, accredited training, robust multi-agency assessments and will facilitate the development of young people's abilities to interact and communicate with their peers and build positive relationships with staff and within the local community. This will get the best from

Centrepoint's award winning Support and Development model; our approach being that all young people, regardless of ability, are supported and challenged to identify/work towards their own goals, breaking the cycle of homelessness and helping them take steps towards independence in the City of Sunderland."

- 3.5 The North East Housing Strategy published by the North East Housing Board in August 2007, states that vulnerable people with complex needs represent a high proportion of those with emergency housing needs. The provision of accommodation and support is therefore a priority. This project is fully in line with the strategic objectives of the North East Housing Strategy.
- 3.6 Locally the development of the 'Young Persons Immediate Access Project' for homeless young people aged 16-21 in Sunderland has been included as a priority in:
- Tyne and Wear Housing Strategy (August 2007)
  - The Sunderland Strategy 2008 – 2025
  - Sunderland City Council Corporate Improvement Plan 2009-2010
  - Safer Sunderland Strategy 2005 – 2008
  - A Housing Strategy for Sunderland 2006 – 2011
  - Joint Area Review - Sunderland Children's Services Authority Area (JAR)
  - Sunderland Children's Trust's, Children and Young People's Plan 2007-2009
  - Sunderland City Council Homelessness Strategy 2008 (Draft)
  - Supporting People 5 Year Strategy and Annual Plan
  - Improving Young People's Lives Through Housing and Support – City of Sunderland Young Persons Accommodation and Support Strategy 2004
  - City of Sunderland Council Accommodation Challenges and Chances equals Support and Stability (ACC=SS) Strategy 2005

#### **4. CURRENT POSITION**

- 4.1 Centrepoint are currently based in Mowbray Road, Hendon and are utilising a building that is not fit for purpose due to the layout of the accommodation, size of the building, condition of the building, office accommodation, treatment/support rooms on site and the general maintenance of the building. The interim project opened in December 2008 and during the period from 1 January 2009 until 30 June 2009 there were 37 young people who joined the service and 15 left the service.
- 4.2 Due to a lack of suitable provision within Sunderland 59 homeless young people had to be accommodated in bed and breakfast accommodation during 2008 – 2009; often outside of Sunderland which cost £34,753. The Centrepoint provision will help to reduce the reliance placed upon the need for bed & breakfast accommodation and savings on these costs have been conservatively estimated at 75% or £26,064 per year due to the fact that bed and breakfast may well be used in an emergency situation if all other options have been explored.

- 4.3 In addition there were a number of young care leavers placed in bed and breakfast from 1 July 2008 - 30 June 2009; at a cost of £33,906. The project will also be open to those leaving the care system.

	<b>Anticipated Savings on bed and breakfast costs</b>	
	Annual Saving	Savings over 15 years
Children's Services (Leaving Care)	£33,906	£508,590
Housing Options (Homeless 16/17 year olds)	£26,064	£390,960
<b>Total anticipated savings per annum</b>	<b>£59,970</b>	<b>£899,550</b>

- 4.4 In response to the Cabinet decision in March 2005 an interim site has been utilised by Centrepont on Mowbray Road, Hendon – but this only has planning permission to operate until March 2010. An extension will be sought by Centrepont due to the timescales of constructing the long term solution, but the existing interim site is in an area that has a high proportion of other similar provision. It is proposed to spread supported housing provision around the different areas of the City as currently there is a perceived concentration of supported accommodation in the Hendon area.
- 4.5 Therefore, a new site for the project has been sought to the north of the city centre – to help to ensure that supported accommodation is available in a range of areas across the City. Various sites have been previously considered and discounted as set out in Appendix 2.
- 4.6 A new search of available sites has identified the site at Dundas Street, Monkwearmouth as the best available to meet the needs of this client group. It enables the spread of provision across the City, while allowing easy access to a range of services for those using the project. It is also located close to a main bus route running to the City Centre which helps to make it accessible to clients from many parts of the City.
- 4.7 Centrepont intend to submit a bid to the HCA for acquisition and works in respect of the Dundas Street site. Gentoo will act as the development agent on behalf of Centrepont and an agreement is being negotiated between both parties. The building will be owned by Centrepont. Centrepont is a small specialist developer and the HCA are aware of the bid and support Centrepont's partnership with Gentoo. It is proposed that the site be transferred to Centrepont. This will be conditional upon the building being available to an alternative service provider for the continued provision of the service should Centrepont not be successful in retaining the Supporting People contract in the future.
- 4.8 The Dundas Street site is 0.068 hectares. It is not directly adjacent to residential property, and the site would allow screening from residential properties in the area with the construction of a wall around the site.

#### 4.9 Value of the Site

In assessing the value of transferring the land reference has been made to the Local Government Act 1972: General Disposal Consent (England) 2003.

The Director of Development and Regeneration has undertaken a valuation exercise on the Council owned part of the site. This has placed the Market Value in the region of £75,000. However, it must be noted that with investment activity at significantly reduced levels, there is a restriction in the availability of consistent transactional evidence from which to draw comparisons when preparing market valuations. For this reason, and whilst the valuation figure has been arrived at with due professional care and attention, it must be highlighted that valuation figures reported in current market conditions carry with them an abnormal degree of uncertainty.

4.10 The proposed transaction is to transfer the land at nil cost subject to the following conditions;

- i. A covenant to develop 18 units of supported accommodation for young people.
- ii. The value of the land being registered as a charge at the land registry to protect the Council's investment.
- iii. The Council reserving rights to nominate 100% occupancy in perpetuity.
- iv. The building would be transferred to another organisation should Centrepont not retain the Supporting People contract at some point in the future.

4.11 Under the terms of The Local Government Act 1972: the Council is required to assess the land value on the basis of:

- a) The unrestricted value, which is the best price reasonably obtainable for the land.
- b) The restricted value, being the market value for the proposed use.
- c) The value of voluntary contributions that can be assessed in monetary terms (expressed as a capital value).

4.12 It is considered that values in respect of the site are as follows:

- a) The unrestricted value of the land as a cleared site available for redevelopment for residential purposes; which is £75,000.
- b) The restricted value of the land as a cleared site to be developed for the proposed supported housing for young people does not have a positive value.

- c) The value of the voluntary contributions is £690,699. This is based on an annual saving of £59,970 (referred to in paragraph 4.3 above) assuming a 3.5% return on investment over a 15 year period. A 15 year period represents a cautious approach and the Executive Director of Health, Housing and Adult Services is satisfied that the saving will be available for at least this period of time.

- 4.13 The Circular and the Royal Institution of Chartered Surveyors guidance note require the discount to be stated. The discount is the amount by which the value of the actual consideration is less than that of the best consideration and is given by the formula;

unrestricted value – (restricted value + value of contributions)

The value attributable to the scheme is;

= £75,000 – (nil + £690,699)

= - £615,699

- 4.14 It can be seen that the value of the voluntary contributions to the Council as demonstrated in the discount calculation above exceeds the value of the potential capital receipt foregone.

- 4.15 The Council own the freehold of the site and is free from any encumbrances or restrictions, therefore the transfer of the site would be subject to granting of planning permission for the proposed site. The land is currently not zoned within the UDP.

- 4.16 Initial outline estimates for the scheme costs, are:

Works	£910,000
Fees	£182,000
<b>Scheme capital costs</b>	<b>£1,092,000</b>

- 4.17 Centrepont will be submitting a bid for capital funding to develop the young persons scheme to the 'Homes and Communities Agency' (HCA); and Sunderland City Council, in its strategic housing role, will support this bid to the Agency. The indicative bid to the HCA is £832,000 and Centrepont will be providing £260,000 of their own funding. The indicative on-costs are £182,000 and relate to professional fees which are included within the capital costs set out above.

- 4.18 The HCA will be seeking a Council contribution to this scheme through the disposal of the land at nil cost (land valued at £75,000) and in doing so the Council would facilitate the capital development of the project.

- 4.19 Centrepont anticipate that the rents for the units in the project will be no higher – after allowing for inflation – than those agreed as acceptable with the Council's Housing Benefit Section for the current interim project which are £219.97 per week (housing benefit entitlement).

## **5. REASONS FOR THE DECISION**

- 5.1 The disposal of the site to Centrepont will enable the development of a purpose built immediate access supported housing scheme for 18 homeless young people in Sunderland. This is in accordance with the Supporting People 5-year strategy as approved by Cabinet in March 2005 to develop a supported housing project for young people aged 16-21.
- 5.2 The disposal of the site at nil cost will enable the project to proceed and forms part of the overall funding solution. Centrepont will also seek capital funding that will be bid for to the 'Homes and Communities Agency' (HCA) to ensure the new provision is developed.
- 5.3 The supported housing project will aid the Council to attain the Government's target not to have any 16/17 year olds placed in bed and breakfast accommodation by 2010 as stated in the City's 'Children and Young People's Plan 2007-2009'.
- 5.4 The project will also minimise potential rough sleeping amongst 16/17 year olds by providing suitable emergency accommodation.
- 5.5 Failure to develop a permanent solution would risk not meeting our commitments as current provision is limited and temporary.

## **6. ALTERNATIVE OPTIONS**

- 6.1 Closure of the project – this would result in; an increase in the risk of 16/17 year olds rough sleeping and would increase the use of bed and breakfast accommodation for 16/17 year olds, impact negatively on the Council's performance, increase costs to the Council.
- 6.2 Disperse vulnerable young people across the City – placing young people in communities without the necessary specialist accommodation and support will not meet the outcomes required and is not a sustainable solution.
- 6.3 The alternatives are not in accordance with the Cabinet decision of 16 March 2005 and would not meet the needs of young people in the City.

## **7. RELEVANT CONSIDERATIONS / CONSULTATION**

- 7.1 This scheme will develop a piece of waste land in the Monkwearmouth area into a residential development and provides for £1,092,000 of new capital investment into the area which should help regenerate the area.
- 7.2 In line with the ethos of the supported housing project this is in line with the Sunderland Strategy 2008-2025 where it states that " thousands of new jobs have been created as regeneration takes shape and there are now additional and improved cultural and leisure facilities, as well as major improvements in health, housing, education, social care and provision for children and young people".

- 7.3 In the Sunderland Strategy one of the key objectives within the 'Prosperous City' strategic priority and the Housing cross-cutting priority is that "housing in the city will be responsive to the needs of Sunderland's large and diverse population; its individuals and its communities" and this project is a key one in meeting the needs of vulnerable young people in Sunderland.
- 7.4 Within the Healthy City priority this project is in line with the ethos that "Sunderland will be a place where everyone, regardless of the vulnerabilities they experience through age and/or disability, is supported to live independently in accommodation of their choice, including their own home".
- 7.5 In relation to 'Safe City', this project will help, through Centrepont's proactive work with young people, that "Sunderland will be a city where people are supported to be active citizens and free from involvement in crime, disorder and substance misuse". In addition this project is in line with the objective that "people in Sunderland will have the supportive family environment they need to help them stay free from harm and crime and disorder".
- 7.6 This project should also reduce the fear of crime and reduce anti-social behaviour as a result of Centrepont working intensively with young people aged 16-21.
- 7.7 The Sunderland Strategy also highlights that "Sunderland will be a city where everyone can live in a safe and decent home, supporting improvements in health, environmental and economic opportunities", and this project is aiding with the delivery of this 'Attractive and Inclusive City' objective.
- 7.8 This project is also in line with "the aim is to make Sunderland a city that children and young people want to invest their life in, a city that provides the lifestyle and opportunities they want for the future".
- 7.9 The supported housing project for young people will also result in efficiency savings, in relation to bed and breakfast accommodation, of approximately £899,550 over a 15 year period.

## **8. APPENDICES**

- 8.1 Appendix 1 – Dundas Street Site Location
- 8.2 Appendix 2 – Alternative Sites Considered

## **9. BACKGROUND PAPERS**

- 9.1 Supporting People 5 Year Strategy and Annual Plan – report to Cabinet March 2005
- 9.2 Sunderland Children's Trust's, Children and Young People's Plan 2007-2009
- 9.3 Sunderland City Council Homelessness Strategy 2008 (Draft)

## APPENDIX 1

### Dundas Street site Location



n  
**NOT TO SCALE**

## **APPENDIX 2 – ALTERNATIVE SITES CONSIDERED**

The site criteria established by the project steering group for the immediate access proposal :-

1. At least 0.22 Hectares [this was subsequently revised to a smaller size following a redesign of the project]
2. North of the City Centre; accessible to city centre services; and reasonably close to bus routes to Washington
3. Not near to places with vulnerable people, eg schools, residential homes, etc
4. Near to as little residential property as possible because the provision will be accommodating a group, some of whom can be challenging or noisy.

The following sites have been considered against the criteria for use in relation to Young Persons Immediate Access Supported Housing Project and have been rejected following detailed analysis by the project steering group as each site failed in relation

- Lower Dundas Street.
- Southwick School site
- Junction of Washington Road / Downhill Lane (near Bunny Hill)
- Southwick and Wear Social Club, Church Bank
- St Bennetts Site
- Old Mill Road, Marley Potts Site (also known as McGees Club/Lee Sykes)
- Redcar House Site,
- North Star Pub Site