

Item No. N/a	Classification: Open	Date: 25 February 2019	Decision Taker: Cabinet Member for Housing Management and Modernisation
Report title:		Northcott House Hostel lease extension	
Ward(s) or groups affected:		St. George's ward	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATIONS

1. That the cabinet member for housing management and modernisation agrees to the extension of the lease on Northcott House, for a period of 5 years, subject to acceptable terms being agreed with the landlord, with a view to using and managing the buildings as 'step down' accommodation for vulnerable adults, deemed able to live independently, pending their move into either a social or private rented tenancy.
2. That the cabinet member for housing management and modernisation delegates authority to the head of property to agree detailed lease terms and to complete a lease of the premises on the terms (or better) set out in this report.

BACKGROUND INFORMATION

3. Southwark Council has leased Northcott House hostel for the past 4 years, with it being used as step down supported accommodation for single vulnerable adults. This report seeks approval to enter into a new lease, for the coming 5 years, to enable us to continue to provide additional short-term, low support accommodation for 46 adults who are ready to step down from higher supported housing. The hostel units are of a good standard, providing en suite facilities to all rooms, with access to shared cooking facilities.
4. The council's property team have negotiated directly with Central and Cecil (the landlord of the building), to secure the building at the lowest possible annual rent. The principle heads of term are agreed and are contained in the appendices to this report.
5. Under leasing proposals, supported accommodation services will be responsible for lease costs as well as assuming responsibility for income collection, void control and full repairing obligations. A cautious financial model has been produced, based on the previous 4 years of operating from the premises, which anticipates that the hostel will be managed on a cost-neutral basis.

KEY ISSUES FOR CONSIDERATION

6. Proposals to establish a lease agreement with Central and Cecil Housing Trust (CCHT) to use Northcott House, 259 Waterloo Road, London, SE1 are detailed within this report. The hostel will be used to house single, vulnerable adults and will be managed by supported accommodation services.

7. The risk of not continuing to provide this service will impact on the councils mandate to support vulnerable residents, by having fewer supported accommodation units available for usage.
8. It is planned that Northcott House will continue to be let in its current state and there will be an expectation that LBS will return it in no better condition in terms of repair or decoration at termination of the lease. The lease period is to be for a 5 year term with the opportunity for CCHT or LBS to break the lease at any time on 12 months notice to the other.
9. This proposal is subject to two major conditions; firstly, confirmed assessment of up-front costs required to pay the annual lease and the results of the survey. Secondly, the rental stream generated through occupation of the hostel subsidises the revenue costs associated with operating it, which appears viable even allowing for a drop in occupation and therefore a breakeven position indicated by the calculations.

Policy implications

10. There are no policy implications relating to this key decision.

Community impact statement

11. Providing this hostel accommodation as part of Southwark's offer to homeless and vulnerable customers is of great benefit to the local and wider community. It provides a safe and clean home environment for people who may otherwise be driven into rough sleeping and associated anti-social behaviors.

Resource implications

12. Having undertaken to research similar properties that would provide alternative accommodation to deliver this service from, it has been found that there is very little on the market to compare the negotiated rent with going forward, this indicates to the Property Team that the rent agreed is good value for money and is commercially viable.

Legal implications

13. Legal services have and will continue to be involved in discussions relating to the new lease going forward. Once the legal position is finalised and the lease is signed by all parties, day to day operation of the service will require no further legal input, unless we find ourselves in operational dispute.

Consultation

14. Consultation has taken place with residents of Northcott House, regarding the quality and suitability of the accommodation. Overwhelmingly the response is positive. In November and December 2018 specific questionnaires were responded to. Consultation with the residents of Northcott House is part of our embedded quality assurance.
15. Although not a formal consultation, our colleagues in commissioning (adult social care) have been kept updated on progress to continue with the extension of the lease, through our Hostel Transformation Project Board.

16. An equalities impact assessment (EIA) has been given full consideration in relation to the extension of this proposed 5 year lease and also the risks associated with not extending the lease for the 5 year term.
17. Not agreeing the extension of the lease would almost certainly result in worsened life chances and opportunities for single, vulnerable adults in Southwark in need of supported accommodation and would be reflected in any EIA undertaken.
18. There are no extenuating community impacts as a result of agreeing this extension to the lease.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

19. The report also states at paragraph 8 that a condition survey is being undertaken to ensure that the council is not left with an expensive repairing obligation although it will be expected that the property is returned in the same condition as at present.
20. The requirement for the hostel is important in providing accommodation for vulnerable adults. It can be anticipated that some of the users will be persons from a protected characteristic group within the meaning of the Equality Act 2010 and the provision of this hostel can therefore be seen as important in the Council seeks to ensure that it meets the requirements of the Public Sector Equality Duty as set out in the 2010 Act.

Strategic Director of Finance and Governance

21. The strategic director of finance and governance notes the proposed lease extension and the terms thereof and further notes that the marginal additional costs arising can be fully contained within existing revenue budgets over the term of the agreement.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Equality Analysis

AUDIT TRAIL

Lead Officer	Paul Langford, Director of Resident Services	
Report Author	Cheryl Russell, Head of Accommodation and Support	
Version	Final	
Dated	25 February 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	25 February 2019	