

YORK ROAD PROJECT

Executive Summary

The report recommends the construction of new premises to house the services operated by the York Road Project (YRP) for homeless people.

The proposed site is 8 Church Street West which is currently owned by Prime Place the owner developers of Goldsworth Road South and North. Prime Place will undertake the development upon behalf of the Council as an integral part of its development of Goldsworth Road North.

The proposed development cost, including acquisition of the land is some £7.6m. It is proposed that this be financed by a combination of Capital Receipts (30%) and Loan (70%).

There will be an annual net cost of £160,000 (@ an interest rate of 2.9%) to the Council of providing the premises as YRP can only afford £50,000 per annum in Lease payments compared to the annual financing cost of £210,000 (@ an interest rate of 2.9%). It is considered that this additional net cost, which will ensure proper provision for the homeless and includes the repayment of the loan over 50 years, is reasonable.

If approved by the Council Prime Place will submit a Planning Application by 30 April 2019 and subject to obtaining consent will commence development in June 2020 with a view to completion, as part of its wider development, by March 2022. Accordingly the additional net cost for the Council will arise from 2022/23 onwards.

Recommendations

The Executive is requested to:

RECOMMEND TO COUNCIL That

- (i) the provision of new premises for the York Road Project (YRP) be approved subject to Planning Consent, at a Project Cost of £7.615m;**
- (ii) the project be included in the Investment Programme to be financed by Right to Buy Retained Capital Receipts (30%) and Loan (70%);**
- (iii) a Development Agreement be entered into with Prime Place for the acquisition of the site and the development of the new YRP premises; and**
- (iv) the net additional annual cost of £160,000 be taken into account in the Medium Term Financial Strategy for 2022/23 onwards.**

Reasons for Decision

Reason: To enable the proper provision of accommodation to support the alleviation of homelessness.

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers: None.

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1.0 Introduction

- 1.1 York Road Project (YRP) exists to support people facing homelessness in the Borough of Woking. The charity provides accommodation (both emergency and longer term), and outreach provision supporting rough sleepers and people in insecure accommodation alongside a specialist day centre.
- 1.2 Over the last 5 years, YRP has expanded its services to meet the long-term needs of its clients and to support the local authority to meet its statutory duties. This includes a day centre to provide advice, social support and skills building (since 2015), an outreach team to reach rough sleepers (2014) and three additional move-on properties to allow clients to progress through its services and into independent living. This growth has been funded by a combination of statutory funding, charitable trust grants and financial donations from the public.
- 1.3 More detail on the background of YRP is set out at Appendix 1.

2.0 Proposal for New Premises

- 2.1 YRP's proposal for new premises has been developed in discussion with Woking Borough Council to provide a 24 hour, 7 days per week service to those it supports from a single purpose-built facility.
- 2.2 It is proposed that YRP incorporates the Night Shelter (currently located on York Road), the Prop Day Centre (Goldsworth Road), the high support flats (Guildford Road) and its medium support property (Fairfax Road) in new premises at 8 Church Street West.
- 2.3 More detailed supporting information on the need for the new facility and its future operation is also set out at Appendix 1.
- 2.4 Outline Plans have been prepared by Rolfe Judd in partnership with Prime Place and its draft Pre Application documentation is set out at Appendix 2; this has not been submitted to the Planning Authority.
- 2.5 If approved by the Council Prime Place will submit a Planning Application by 30 April 2019 and subject to obtaining consent will commence development in June 2020 with a view to completion, as part of its wider development, by March 2022.

3.0 Operational Budget

- 3.1 YRP has prepared an operational budget for the new premises which it considers will enable it to operate the premises on an approximate breakeven basis provided the Lease charged by the Council is not greater than £50,000 per annum.
- 3.2 Details of the operational assumptions and the provisional budget prepared by YRP are also set out in Appendix 1.

4.0 Implications

Financial

- 4.1 A summary of the estimated capital cost of delivering the new YRP premises is £7.6m as set out below:-

York Road Project

			£
Land Acquisition			1,000,000
Legal and Survey Fees		6.50%	65,000
Development Cost			5,520,651
Inflation Provision		5.00%	276,033
Development Fee (Prime Place)		8.00%	463,735
Development Contingency		5.00%	289,834
Gross Investment Cost			7,615,252
Funding	Capital Receipt	30%	-2,284,576
	Loan (Balance)		5,330,677
Loan -Say			5,500,000

- 4.2 A copy of the Development Cost analysis prepared by Sir Robert McAlpine for Prime Place is set out as a Part 2 document later in the Agenda.
- 4.3 The proposed use of capital receipts relates to the use of monies set aside from Right To Buy Receipts which can be used for the provision of new affordable homes. The balance of finance will need to be from Loan on a 50 year annuity basis; for the purpose of this assessment the assumed interest rate is 2.9%. The annual cost of the Loan, both interest and repayment will be some £210,000.
- 4.4 As stated above YRP can only afford an annual Lease cost of £50,000 and therefore the net cost to the Council will be £160,000 per annum. This additional net cost for the Council will arise from 2022/23 onwards and will need to be taken into account in the Medium Term Financial Strategy.
- 4.5 A copy of the 2.9% Annuity Loan summary is attached at Appendix 3.
- 4.6 The existing York Road hostel site is owned by the Council and would be suitable for transfer to Thamesway for conversion to town centre shared accommodation. At this stage no appraisal have been undertaken but it will offer some capital receipt which could be used to mitigate the level of borrowing for this project.

Human Resource/Training and Development

- 4.7 There are no human resources or training needs arising from this report.

Community Safety

- 4.8 Provision of more suitable premises for dealing with the needs of homeless people will make a positive contribution to improving community safety.

Risk Management

- 4.9 The project will be managed by Prime Place which will be responsible for all on site risk management.
- 4.10 With the planned development of Goldsworth South the current "Prop Day Centre" will cease to be available and the needs of homeless people will not be met. There may be a short period when the new premises are not ready and the old premises need to be removed but YRP will work positively with Prime Place to manage the transition.

Sustainability

- 4.11 The new premises will meet all building sustainability requirements.
- 4.12 Providing new premises for homeless people will enhance Woking's social sustainability.

Equalities

4.13 The new premises will enable YRP to meet the needs of the wider community.

Safeguarding

4.14 YRP will address all safeguarding issues in its operation of the new premises.

5.0 Consultations

5.1 The Portfolio Holder has been consulted in the preparation of this report.

REPORT ENDS