

**SAVING PROPOSALS
BUDGET 2012/13 – 2014/15**

**Item Ref. No:
AHWB 7 (2012)**

TITLE OF SAVINGS OPTION:		Improving the quality of the hostels sector and managing reduction of the number of bed spaces			
DIRECTORATE:		Adults Health & Wellbeing			
SERVICE AREA:		Comm. & Strategy	LEAD OFFICER:		Deborah Cohen
FINANCE CONTACT:		Paul Thorogood			
	Current Budget	Saving £000s (Incremental)			
£'000	2011/12	2012/13	2013/14	2014/15	Total Savings
Employees (FTE)					
Employees					
Others	1,065		690		690
Income					
TOTAL SAVINGS	1,065		690		690
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
		Costs (Incremental)			
	Ref No.	2012/13	2013/14	2014/15	2015/16+
Revenue Expenditure					
Capital Expenditure					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The saving opportunity is to reduce the contract income currently spent on homeless hostels in the Borough by £690k as well as achieving a key strategic aim of the borough, which is to improve the quality of the hostel bed spaces in use which meet current physical space standards. This can be achieved initially through closing the Aldgate Hostel, as widespread agreement exists that the hostel does not comply with current expectations (including feedback from service users and an Overview and Scrutiny report) and sector wide standards, as the bed rooms are very small and there is a significant amount of shared facilities (toilets and bathrooms). There is also a sector wide shift where possible to smaller hostel units (again, this is supported by feedback from hostel service users, including those who have lived at the Aldgate Hostel, who explicitly supported smaller hostel units</p>					

(Aldgate has 158 bed spaces). Subsequent improvement strategies for the hostel sector will be identified as part of a wider review of the hostel sector and a new Hostels Strategy which is due to be submitted to Cabinet as noted below in April 2012.

The initial phase of improvement to the hostel sector will be achieved initially by closing Aldgate Hostel owned and managed by Look Ahead Housing Association (LAHC) from Sept 2012 (with the saving being realised in 2013-14 – this allows for a contingency time period and also the opportunity to redirect some of the current revenue funds during 2012/13, to assist in achieving the effective decant of the hostel). It is important to note that Look Ahead Housing have expressed their wish to sell the building linked to the September 2012 date, but as mentioned, as the hostel does not meet current physical space standards, this would be a mutually agreed proposal.

The hostel was identified in the 2008 Hostels Strategy as not fit for purpose, with a plan to re-provide the same number of units (150) in a new purpose built modern facility.

This decision was consistent, with government policy at the time, which sought to ensure hostels were "Places of Change", that created an environment which actively supported people into work, training or voluntary activities, avoiding any tendency for people to be left or 'warehoused'. A key part of this approach was to create the best possible physical environment within hostels as possible; minimising the extent of shared facilities, as well as maximising space generally and within individual hostel bedrooms or units (flats or bedsits). This policy focus has continued with the Coalition Government and it is against this background that the closure of Aldgate should be seen; in line with current sector wide practice and that promoted by central government (including funding and regulatory bodies).

This current proposal is a departure from the now slightly dated, 2008 Hostels Strategy as in order to secure the saving it will not be possible to replace the current 150 units at the same level. This proposal is to take broadly half of the current revenue as an efficiency saving, with the additional revenue to be committed back into the hostel sector to enable it to better manage the remaining units (see implication section below).

Extensive discussions have taken place involving LAHC and officers across Adults Health and Well Being (AHWB), with other colleagues across the Council, to investigate whether other options to develop the Aldgate Hostel site. Detailed proposals were developed, but it has not been possible to take these forward within the current significant reduction in public sector finances which now exist. Subsequently, an initial report recommending the decommissioning of the Hostel, with a smaller scale on site rebuild was considered by Cabinet in early 2011 and it was decided at this time on account of the newness of the changes in Housing Benefits to return to this towards the end of 2011. Since then, due to changes in the capital funding regime, Look Ahead have indicated that they can no longer finance a rebuild and as such have expressed their wish to sell the current building.

A wider piece of work is underway, which will inform the commissioning intentions that linked to the remaining hostel sector, which is the work on refreshing the Hostels Strategy. This includes a detailed needs and capacity modelling element, which is scheduled for completion in December 2011 with a new Hostels Strategy to be presented to Cabinet in April 2012 for decision. This strategy will identify the need to replace any of the bed spaces lost through the decommissioning of the Aldgate Hostel (and more broadly within Tower Hamlets) and if so, what type of hostel provision should be put in place.

2.	Service implications of saving:
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The immediate implication is that the hostel sector in the Borough will reduce by approximately 150 units.

Work is progressing with our colleagues in the Homeless service to update the needs and capacity model to refresh the 2008 Hostels Strategy. This is still in the initial phase, but early indications

(supported by local needs data) are that this could be managed with a more targeted use of the hostel sector, including shorter stays, increased and well resourced specialist services and more effective move on options.

This will require a configuration of the remaining hostels, with the savings not taken into corporate efficiencies from Aldgate Hostel (approximately £380k p.a.) likely to be reinvested into:

- 1- An assessment facility for the hostel sector
- 2- Increased specialist provision for people with complex needs, including mental health issues, drug and alcohol needs
- 3- Initiatives linked to resettling and supporting people living independently in the Private Rented Sector (PRS), following a stay in a hostel.

3. Actions required to achieve saving:

- 1- Update the needs and capacity assessment for Hostels provision.
- 2- Update the Hostels Strategy for presentation to Cabinet.
To include explicitly an identification of the need for additional hostel services to manage the reduction in beds and a commissioning strategy for their development. And the model, cost and capacity of a rent deposit scheme required to facilitate a reduction in the hostel sector and a commissioning strategy for their development.
- 3- Discuss with current residents, stakeholders and staff.
- 4 Develop a decant strategy with the Hostel and move people out of Aldgate Hostel.

4. Potential implications for staff, contractors, partners, assets and other Directorates:

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
TOTAL				

Notes

None

5. Other risk factors which could prevent this saving being achieved following implementation

None

6.

Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?

The proposal will contribute to the efficiency model and value for money approach in the hostel sector as a whole. It will enable the sector to:

- 1- Achieve targeted, shorter stays for those with low to medium support needs.
- 2- Target specialist services to those with complex needs, increasing positive outcomes.