


<b>Commissioner Decision Report</b> 22 <sup>nd</sup> April 2015		 <b>TOWER HAMLETS</b>
<b>Report of:</b> Robert McCulloch-Graham, Education, Social Care and Well-being (ESCW)		<b>Classification:</b> Unrestricted
Future funding of New Belvedere House (NBH) Ex-Servicemen's Hostel		
<b>Originating Officer(s)</b>	Paul Wishart, Vulnerable Adults Commissioning Team.	
<b>Wards affected</b>	St Dunstan's	
<b>Key Decision</b>	Yes	
<b>Community Plan Theme</b>	<b>A Safe and Cohesive Community</b>	

## Executive Summary

New Belvedere House (NBH) is a 55-bedroom homeless hostel for ex-servicemen based in Stepney. The Provider, Veteran's Aid (VA), is a specialist organisation, which supports and advises members of the armed forces as well as providing accommodation to homeless men who have left the military. NBH has received funding from the Borough since 2003. The service is unusual, in that it is accessible to ex-service men from across the country, in recognition that ex-service personnel often have no connection to any local area by virtue of their vocation.

Following expiry of the original contract, the service has been supported by the Borough who has continued to provide a targeted grant of £150,275 per annum since April 2013. The grant for this service comes to an end on 31<sup>st</sup> March 2015, so there is a pressing need to agree a funding approach. Following extensive discussions with colleagues in legal and procurement, the renewal of the targeted grant is considered to be the only available mechanism to fund the service after April 2015; the following are the summarised reasons why the service should be funded:

- Unique historical funding; originating through the ring fenced Supporting People Grant in 2003.
- Unique national focus and proven track record in addressing homelessness in ex-service men.
- Demonstrable value for money when compared to other hostel services in the Borough. The grant funding being a relatively small contribution to the total running costs of the scheme, and the added value due to additional services provided.
- Compliance with the Armed Forces Community Covenant, which Tower Hamlets has formally signed up to, which commits the council to offer support to residents who have been part of the armed forces and facilitate their access to support from statutory and voluntary agencies.

- Compliance with current grant eligibility requirements.
- Alignment with the current Community Plan priorities.

### **Recommendations:**

Commissioners are asked to agree to the future funding of NBH, which was provisionally approved at CMT on the 26 February 2015, as below:

1. To provide a targeted grant towards the running costs of the New Belvedere House ex-veterans hostel in recognition of the unique circumstances of this service and the historical funding issues, for a one year period commencing 1<sup>st</sup> April 2015.
2. That the grant has a maximum ceiling at the current level of £150, 275, with final award being based on a robust assessment and demonstration of the continued need for the grant in the context of any wider funding opportunities.
3. That Veterans Aid are asked to actively explore other funding opportunities to reduce their reliance on the Borough and precipitate tapering of the funding in future years.

The full rationale for this recommendation is included in the following pages of this report.

## **1. DETAILS OF REPORT : INTRODUCTION**

- 1.1 New Belvedere House (NBH) is a 55-bedroom homeless hostel for ex-servicemen based in Stepney, which has operated at its current site since 1973. The Provider, Veteran's Aid (VA), is a specialist organisation, which supports and advises members of the armed forces as well as providing accommodation to homeless men who have left the military. The service has a successful track record in supporting individuals into long term housing, and in accessing treatment services linked to drug, alcohol or mental health issues.
- 1.2 The service is unusual, in that it is accessible to ex-service men from across the Country, in recognition that ex-service personnel often have no connection to any local area by virtue of their vocation. Veterans access the service through Veterans Aid's main advice centre in central London. 97 service users were accommodated at NBH in 2013-2014 with the significant majority being linked into long term housing within the first year of their stay.
- 1.3 The service has a high public profile within central government and more widely. Veterans Aid has received £3 million of capital funds through the recent Autumn Statement, to contribute to improving the physical facilities. The Evening Standard is also currently supporting VA as part of its fundraising initiative for those leaving the services. Linked to this, the Mayor of London has agreed to contribute £200,000 towards the capital redevelopment costs of NBH.
- 1.4 New Belvedere House has received funding from the Borough since 2003, when the Supporting People Programme was created. As a ring fenced grant programme set up with specific grant conditions, the Supporting People programme did not adequately consider how these national services might be prioritised and funded when the ring fence was removed in 2012.
- 1.5 Following expiry of the original contract, the service has been supported by the Borough who has continued to provide a targeted grant of £150, 275 per annum since April 2013. A budget is held for the service in the Vulnerable Adults Commissioning programme within ESCW (Supporting People).
- 1.6 This decision was in recognition of the services' unique national focus, its focus on re-housing veterans, and that the LBTH funding was a relatively small contribution to the total costs. The current funding forms approximately 28% of the support service at the scheme with the remaining costs being met through fundraising activities.
- 1.7 The grant for this service comes to an end on 31<sup>st</sup> March. The option to cease funding this service was considered as part of the medium term financial

planning process in late 2014. The outcome of this consideration was that Officers were asked to explore options to continue with the funding in future years. These are outlined in section 2 above.

- 1.8 Following extensive discussions with colleagues in legal and procurement, and presentation at Competition Board, the renewal of the targeted grant is considered to be the only available mechanism to fund the service after April 2015.
- 1.9 The service at NBH is of a high quality, with good outcomes and occupancy levels indicating a strong ongoing demand for the service. There are therefore no underlying performance concerns apparent, which could negatively impact on a targeted grant award for the NBH service.
- 1.10 NBH makes little demand on local housing and additional services. This is as a consequence of the service's ability to move the majority of people to more permanent accommodation in a relatively short time period. This is often outside of the borough, through their well-developed network of armed forces housing organisations and nomination agreements.

## **2. REASONS FOR THE DECISIONS**

- 2.1 Having explored all available options, the recommendation is for a targeted grant award for this service of £150, 275 for a one year period to commence 1st April 2015. The grant recommendation is made in recognition of the services':
  - Unique historical funding; originating as it did through the ring fenced Supporting People Grant in 2003;
  - Unique national focus and proven track record in addressing homelessness in ex-service men; and
  - Demonstrable value for money when compared to other hostel services in the Borough. The grant funding being a relatively small contribution to the total running costs of the scheme, and the added value due to additional services provided.
  - Compliance with the Armed Forces Community Covenant, which Tower Hamlets has formally signed up to, which commits the council to offer support to residents who have been part of the armed forces and facilitate their access to support from statutory and voluntary agencies.
  - Compliance with current grant eligibility requirements; and
  - Alignment with the current Community Plan priorities.

Taking each of these in turn below.

- 2.2 Unique Historical Funding - NBH has received funding from the Borough since 2003, when the Supporting People Programme was created. This national

initiative brought into Local Authority control services previously funded from a number of disparate funding streams. Established as a ring fenced grant programme with specific grant conditions until 2012, services with a national focus, such as NBH, were afforded ring fenced protection. As part of a wider shift within central government, this ring fencing has now been removed and leaves nationally focused services such as NBH in a unique position regarding their longer term funding. This is because the Supporting People programme did not adequately consider how these national services might be prioritised and funded within the context of Local Authority priorities.

- 2.3 Following the removal of the ring-fence and the expiry of the original contract, the service has been supported by the Borough who has continued to provide a targeted grant of £150, 275 per annum since April 2013. Whilst the decision to make a targeted grant award was agreed by the Corporate Grants Board, a budget is held for the service in the Vulnerable Adults Commissioning programme within ESCW (Supporting People).
- 2.4 Unique national focus and proven track record in addressing homelessness in ex-service men - The service at NBH is of a high quality, with good outcomes and occupancy levels indicating a strong ongoing demand for the service. Throughout 2013-2014, 97 service users were accommodated at NBH with 36 of these successfully reconnected to families and friends or moved into independent housing, mainly out of the Borough.
- 2.5 The average move through rate in any given year is 87% with the majority of these being in a planned manner;

Length of stay at March 2014	No. of service users
Less than 1 year	30
1 to 2 years	11
2 to 5 years	11
5 to 7 years	2
7 to 10 years	1
	55

Table 1: Average length of stay March 2014

- 2.6 Demonstrable value for money when compared to other hostel services in the Borough - specifically the service has demonstrable outcomes in:
- Reducing social exclusion and improving quality of life for ex- service men; promoting active citizenship and community engagement.
  - Responding to the multiple and complex needs of people who live in the Borough who have been in the armed forces;
  - Providing flexible services that respond to people with often chaotic life styles including substance misuse and mental health needs;

- Preventing homelessness through eviction due to debt, harassment and lack of relevant support;
- Tackling social exclusion by improving access to paid employment, education and training opportunities;
- Tackling substance abuse in partnership with agencies providing treatment; and
- Reducing re-offending and promoting community safety, by meeting the support needs of offenders.

Performance indicator 2013-14	Hostels average	NBH average
Utilisation	94%	98%
Staffing	98%	99%
Throughput	47%	75%
Positive move on	75%	90%
Referrals to treatment	73%	88%
Engagement in Employment and training	32%	100%

Table 2: Key performance information

2.7 Demonstrable Value for Money - The service is heavily subsidised by VA's other fund raising activities; the Tower Hamlets funding, comprises approximately 28% of the total running costs of the hostel support service. The costs of the service funded by Tower Hamlets are comparable with the range of costs elsewhere within similar hostels and supported housing projects.

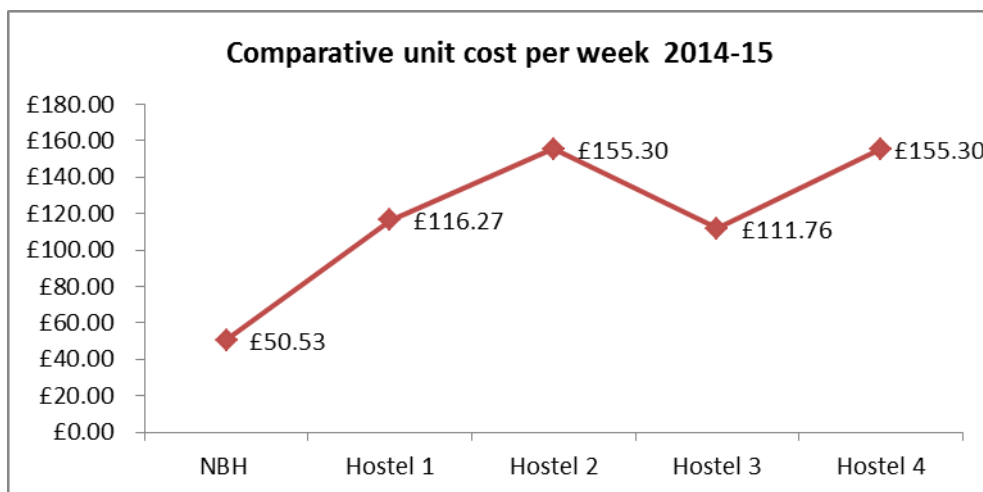


Table 3: Unit costs for Borough Hostels

2.8 The total running costs are £537k pa and correspond with figures in their

published accounts. Without Borough funding, there is a risk that New Belvedere House will have to scale back its services, and that it could threaten their longer term viability. The specific additional services currently provided by Veterans Aid fundraising activities include;

- Rent in advance or deposits for people moving into the private rented sector, so enabling faster and effective move on opportunities for individuals.
- Funding to provide furniture for people moving into their own accommodation; this can tangibly help overcome a key barrier to men moving on from the hostel.
- Specific funding for rehabilitation programmes for individuals with substance misuse issues, including a specific alcohol worker working within Veterans Aid and NBH.
- A significant contribution to the cost of the support staff
- Contribution to organisational overheads.

2.9 Compliance with the Armed Forces Community Covenant - which Tower Hamlets has formally signed up to and which commits the council to offer support to residents who have been part of the armed forces and facilitate their access to support from statutory and voluntary agencies. It is the local implementation mechanism of the wider national level Covenant, between the Nation, the Government and the Armed Forces, with the shared aim of ensuring service forces personnel, their families and veterans are effectively supported in all aspects of their life. It also outlines that the Armed Forces should make a positive contribution to the communities in which they are based.

2.10 Compliance with current grant eligibility requirements and alignment with the current Community Plan priorities - the service meets the general eligibility criteria to receive funding from Tower Hamlets in that:

- It is a registered charity with the appropriate governing documents and procedures;
- Has a base within Tower Hamlets and a demonstrable track record of successful service delivery within the borough;
- Has an up to date written equalities and diversity policy;
- Has clear financial management procedures and arrangements;
- Has health and safety and safeguarding policies in place;
- Works closely and effectively with a broad range of local third sector and statutory services in providing support services.

2.11 The Council recognises that Third Sector Organisations have a vital role to play within the community and the service provided at New Belvedere House supports the Council's commitments within One Tower Hamlets, as set out in the Tower Hamlets Community Plan, as well as the Third Sector Strategy

as:

- It recognises the need for more affordable housing – by providing short term emergency accommodation for ex-service men;
- Provides support services that challenge repeat offending and therefore reduce crime;
- Reduces health inequalities of those that are homeless by linking service users into mainstream health and social care services, for example drug and alcohol and mental health services;
- Provides support for individuals to access training opportunities and employment; and
- Supports a diverse range of people.

### **3. ALTERNATIVE OPTIONS**

- 3.1 Following extensive discussions with colleagues in legal and procurement, as well as discussions at CMT, the renewal of the targeted grant is felt to be the only available mechanism to continue to fund the service. Alternative approaches which have been considered are listed below, together with comments relating to their feasibility.
- 3.2 Direct Contract Award: The option to make a direct contract award, by exempting the service from a formal competitive procurement exercise was considered by the LBTH Competition Board (a meeting of managers in legal and procurement, in early February of 2015). This was rejected as a viable option on the basis that it was not considered to be procurement activity and so falls outside of procurement regulations. This is in the context that this is not a service directly commissioned by the Authority.
- 3.3 Existing Grant Streams: The option to administer a grant through existing grant streams has been explored. There are currently no streams which cover a service of this nature; the creation of a veteran's specific stream within Tower Hamlets funding systems, could lead to other problematic scenarios .e.g. VA could decide not to bid and then Tower Hamlets would be potentially commissioning a service for which there was no local need.
- 3.4 Ceasing the Grant: There is an option to end the Service at the end of March 2015, however this has not been taken forward as the service:
- Provides excellent value for money and draws financial investment into the borough.
  - Meets a national need
  - Is not possible to procure as it is part of a larger service i.e. the LBTH funding is only a small part of the overall service.
  - This would be inconsistent with the obligations under the Armed Forces



Community Covenant, which Tower Hamlets council has formally signed up to as noted above.

However, whilst New Belvedere House is in many respects unique, it should be noted there is a smaller ex-services supported housing project in Hampshire, provided by English Churches Housing Group. In this example, It is understood the Authority concerned, have committed to fund the scheme for a further year but have also set up a steering group, with the purpose of identifying alternative funding sources in this period. This approach is the reason the request for funding is only for one year, whilst other options are explored and this is picked up in the recommendations above.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 The grant of £150,275 per annum provided by the local authority is built into the Council's base budget. If it is decided that the grant should continue the expenditure will be contained within existing resources.

#### **5. LEGAL COMMENTS**

##### Best Value Duty

- 5.1. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness by virtue of section 3 of the Local Government Act 1999. This is known as its Best Value Duty.
- 5.2. Under sections 15(5) and 15(6) of the Local Government Act 1999 the Secretary of State for Communities and Local Government issued legally enforceable directions in order to ensure that the Council complies with its obligations under part 1 of the Local Government Act 1999. Paragraph 4(i) of the Directions directs that a number of functions of the Council (as stated in Annex B to the Directions) will be exercised by Commissioners appointed by the Secretary of State, and that the Council must comply with any instructions of the Commissioners in carrying out these functions. Paragraph 1 of Annex B includes all functions the Council exercises relating to the making of grants under any statutory power or duty (other than 2 exceptions which do not apply in respect of this grant).
- 5.3. As a local authority, the Council has a duty under domestic and European law to act in a way which is fair open and transparent. This is not only in respect of the procurement of goods works and services but in respect of the carrying out of all its statutory functions. Therefore, and as examples, in the areas of grants it is necessary for the Council to demonstrate that the public at large has a fair and even chance of obtaining the money which the Council is

making available. Generally this requirement means that there must be some sort of fair and open application procedure where applications are all measured against clear and transparent criteria with the final decisions being based upon the evaluation of applications against the set criteria.

- 5.4. The Council is required to consult for the purposes of deciding how to fulfil its best value duty. This obligation was the subject of consideration in the case of *R (Nash) v Barnet LBC*. Some guidance was given in the High Court to the effect that it is not every time an authority makes a particular operational decision, by way of outsourcing or otherwise, that it is required by section 3 to consult about that decision. The High Court thought that consultation about “the way in which” it performs its functions connotes high-level issues concerning the approach to the performance of an authority’s functions.

#### Welfare Reforms

- 5.5 The Welfare Reform Act 2012 abolished Community Care Grants and Crisis Loans for living expenses. Instead a non-ring fenced grant is paid to local authorities, to enable them (under existing powers in the Local Government Act 2000) to provide new locally administered assistance to vulnerable groups. Budgeting Loans have been replaced by a new nationally-administered advance of benefit facility. Councils have been given the flexibility to re-design the emergency provision for vulnerable groups according to local circumstances in the way they think best.
- 5.6 Some of the significant duties that the Council will need to consider when taking decisions in respect of implementation of its policies are:

#### Homelessness Duty

- 5.7 The Council’s statutory duties in respect of homelessness are primarily set out in the Housing Act 1996, including:
- Section 179: Duty to provide advisory services
  - Section 184: Duty to make enquiries in respect of eligibility and duties owed
  - Section 188: Interim duty to accommodate in cases of apparent priority need
  - Section 192: Duties to people found not to be in priority need and not homeless intentionally
  - Section 193: Duties to people found to be in priority need and not homeless intentionally
  - Section 195: Duties to those threatened with homelessness
- 5.8 The 2002 Homelessness Act also introduced a requirement on the Council to carry out a homelessness review and formulate and publish a strategy based on that review. The Council must take the strategy into account in the exercise of their housing and social services functions.

- 5.9 The purpose of the homelessness strategy is to prevent homelessness in the Council's area, secure that sufficient accommodation is and will be available in the area for people who are or may become homeless and provide support for such people or those who have been homeless and need support to prevent it recurring.
- 5.10 Section 153 of the Localism Act 2011 provides that the local authority must have regard to its current allocation scheme and current tenancy strategy when formulating the strategy. Before adopting or modifying a homelessness strategy the authority shall consult such public authorities, voluntary organisations and other persons as they consider appropriate. The outcomes of the consultation must conscientiously be taken into account when a decision is made.

#### Duty to vulnerable adults

- 5.11 Currently, under Section 21 of the National Assistance Act 1948, the Council has a duty to provide residential accommodation for people in its area who are in need of care and attention not otherwise available to them by reason of age or any other circumstance. This provision safeguards people who require social care services which cannot be provided if they are homeless.
- 5.12 Please note that the current legislation will be replaced when the relevant sections of the Care Act 2014 come into effect from 1 April 2015. S.21 National Assistance Act is replicated by the Care Act and specifically in s.8.
- 5.13 Section 1 of the Care Act places a general duty on the Council when exercising its functions under that Act, to promote an individual's well-being relating to their physical and mental health, emotional well-being and personal dignity.
- 5.14 The Care Act 2014 replaces the existing duties and powers in respect of assessing and meeting an individual's eligible care needs. Section 8 provides that those eligible needs may be met in a number of ways, including accommodation in a care home. Section 23(1) of the Care Act states that the Council may not meet these needs by doing anything which it or another local authority is required to do under the Housing Act 1996
- 5.15 In the event that the accommodation was not provided through New Belvedere House and vulnerable adults were at risk of homelessness there is a significant legal risk that the eligible needs of those adults would fall to the Council to be assessed and considered for eligibility to be met. In that event those currently residing at New Belvedere House are likely to be considered as ordinary resident within Tower Hamlets and ultimately, in the absence of any alternative support for an assessed eligible need, fall to the Council to support.

## Equalities Duty

- 5.16 The Council has an Equality Duty under section 149 of the Equality Act 2010 to ensure that it eliminates discrimination between people who have a protected characteristic (as defined under the act) and those who do not; and to promote equality and fair treatment between people who have a protected characteristic and those who do not. It is unlikely that the Best Value Action plan itself will give rise to any significant equality impacts, but further consideration should be given to the impacts of each action before they are implemented.
- 5.17 The Council also has a duty to ensure that organisations are not discriminated against by the Council's processes. For example, ensuring that grant criteria are fair and do not either favour nor disfavour any group, company or individual.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 As noted above in section 1.11, the Council recognises that Third Sector Organisations have a vital role to play within the community and the service provided at New Belvedere House supports the Council's commitments within One Tower Hamlets and as set out in the Tower Hamlets Community Plan, as well as the Third Sector Strategy as:
- It recognises the need for more affordable housing – by providing short term emergency accommodation for ex-service men;
  - Provides support services that challenge repeat offending and therefore reduce crime;
  - Reduces health inequalities of those that are homeless by linking service users into mainstream health and social care services, for example drug and alcohol and mental health services;
  - Provides support for individuals to access training opportunities and employment; and
  - Supports a diverse range of people.

## **7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 7.1 The future service if it is funded, will comply fully with all obligations under Tower Hamlets policies linked to sustainability and a greener environment and specifically include contract clauses in the written formal funding agreements.

## **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 The following have been identified as key risks with related comments.

8.2 Ceasing the grant – taking this course of action, has the key risks below:

- Ceasing the grant funding after March 2015 could impact on the future viability of the service, given the grant equates to 28% of its annual revenue; and this would be with little notice period as the funding ends at the end of March. As a minimum it could lead to VA scaling back some or all of the services it currently provides.
- Agreeing a one year grant for the service carries a number of risks for organisation, one of which would be the uncertainty around future funding levels; this could impact on the future viability of services provided by the organisation.
- Reputational risk to the borough of ceasing a grant for ex-service men, for an organisation which has support politically at a central government level and within the general public.

Taking these comments into account, it is proposed that the grant is continued but with a focus on securing other funding streams as highlighted in the recommendations.

8.3 Continuing with the grant:

- Legal colleagues have advised of risks linked to this area in section 5 above.

**9. CRIME AND DISORDER REDUCTION IMPLICATIONS**

9.1 The current NBH service (and future service if it is funded), tangibly contribute to reducing crime and disorder locally, by:

- Specifically including outcome targets to reduce offending and substance misuse
- Additionally have outcome targets to increase the proportion in Education, Training or Employment, so reducing the likelihood of local Anti-Social Behaviour.

**10. EFFICIENCY STATEMENT**

10.1 The funding ceiling suggested in the recommendations above, is consistent with local hostel benchmark costs, which themselves have been established as a result of a wide ranging recent competitive procurement exercise; the staff cost per hour for NBH is approximately £14.21, with the average hostel cost for similar services being £15.52. This indicates that the service is

providing good Value for Money, particularly when it is borne in mind the service attracts additional financial investment into the Borough.

- 10.2 The proposed recommendation above includes a specific action point to negotiate with VA and further scrutinise their costs together with exploring if any alternative potential funding streams exist.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 The current NBH service (and future service if it is funded), comply fully with all obligations under Tower Hamlets policies linked to the Safeguarding of both adults and vulnerable children and these are specifically included in their written formal funding agreement (and will be in any future funding arrangement).

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

Armed Forces Community Covenant

#### **Appendices**

NONE

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

NONE

#### **Officer contact details for documents:**

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