

**BOROUGH OF POOLE**

**CABINET**

**30 OCTOBER 2018**

**HERBERT AVENUE TEMPORARY ACCOMMODATION**

**1. PURPOSE**

- 1.1 To inform Cabinet of the comments received from Members of the People Overview and Scrutiny Committee (Health and Social Care).

**2. DECISION SOUGHT FROM CABINET**

- 2.1 Cabinet to request Council:

2.1.1 Approval of the project development plan based on a modular construction approach.

2.1.2 Approval of the project sum of £2.509m subject to the full procurement process

- 2.2 To note that the report will be shared with the Shadow Executive Committee for consultation before agreement at Poole Council

**3. BACKGROUND/INFORMATION**

- 3.1 I Chaired the Meeting of the People Overview and Scrutiny Committee (Health and Social Care) on 15<sup>th</sup> October 2018 when this matter was considered.
- 3.2 The Committee received a presentation about the proposals from the Chief Executive of Poole Housing Partnership ('PHP') and from Borough of Poole Strategic Housing Officers.
- 3.3 The Committee unanimously welcomed and supported the proposals to provide support for households threatened with homelessness from across the Borough. The report outlined the process of appraisal of possible construction methods and the Committee noted that use of the modular building approach appeared to provide the best value solution towards meeting the objectives. The design, procurement and housing support options were also presented for scrutiny alongside the construction and revenue cost implications. Members underlined the importance of progressing delivery as soon as possible as a priority scheme.

**4. CONCLUSION**

4.1 I fully support and endorse the recommendations to Cabinet.

**Councillor Jane Newell**

**Chairman**

**People Overview and Scrutiny Committee (Health and Social Care)**

**BOROUGH OF POOLE**

**CABINET**

**OCTOBER 2018**

**BUSINESS CASE FOR THE DEVELOPMENT OF A TEMPORARY  
ACCOMODATION SCHEME AT HERBERT AVENUE.**

**PART OF THE PUBLISHED FORWARD PLAN    yes**

**STATUS - Strategic and Service Delivery**

**1. PURPOSE**

- 1.1 To request members consideration of the approach to the delivery of the proposed development via modular construction of temporary housing accommodation on Herbert Avenue.

**2. DECISION(S) REQUIRED**

- 2.1 That Cabinet be requested to support the following recommendations to Council for approval:
- 2.1.1 Approval of the project development plan based on a modular construction approach.
- 2.1.2 Approval of the project sum of £2.509m subject to the full procurement process
- 2.2 To note that the report will be shared with the Shadow Executive Committee for consultation before agreement at Poole Council

**3. BACKGROUND INFORMATION**

- 3.1 The council has a statutory duty to support households that are at threat of homelessness. These requirements are enshrined in the Housing (Homeless Persons) Act 1977, Housing Act 1996, and the Homelessness Act 2002, with enhanced duties placed on local councils by the Homelessness Reduction Act 2017. In the main the council will seek to support households to access alternative forms of accommodation when threatened with homelessness and this is supported through various methods. If a household cannot find alternative means of housing and becomes homeless then the council has a statutory duty to provide interim accommodation if they meet certain criteria; these include children in the household under the age of 17 or a household that is deemed vulnerable as defined in the Act. The immediate way to meet

this statutory duty is to provide accommodation that is temporary in nature until a more permanent solution can be found.

- 3.2 The council currently has 64 units of temporary accommodation that can support households that are at risk of homelessness. However the demand against these units is currently in excess of 64 households and is expected to reach 116 households in 2018/19 and 127 households in 2019/20. This gives a shortfall in temporary accommodation units respectively of 52 and 63 across each year.
- 3.3 This gap in provision is usually met by making bed and breakfast placements or in short term private rented leased accommodation. Both of these options are expensive when compared to the provision of permanent council owned temporary accommodation and particularly in the case of bed and breakfast provision is not deemed suitable for use for families or those who are vulnerable.
- 3.4 The current increasing levels of demand for temporary accommodation are not expected to change over the next 5 to 10 years which makes it necessary to bring forward proposals that will provide accommodation units that are both fit for purpose and meet the level of demand being experienced across Poole. The council continues to review all options to deliver additional housing where possible and to reflect the ongoing needs of local residents in doing this. The council owned land on Herbert Avenue has been identified as holding potential for redevelopment and it is recommended that this is used to bring forward plans to deliver a bespoke 24 unit temporary accommodation development for use by the council.
- 3.5 An options appraisal of three possible construction methods was produced by Poole Housing Partnership in January 2018 looking at current methods utilised to construct this type of accommodation. The appraisal produced and compared the estimated build costs per square meter of:
- i. Steel container.
  - ii. Modular off-site construction.
  - iii. Timber construction.
- 3.6 The review undertook soft market testing of each of the supply options and utilised technical information provided by supply chain specialists. The steel container option was also reviewed based on the feasibility report previously provided to BoP by QED.
- 3.7 The review concluded that the likely costs and timescales for each of the options was as follows

	Steel Container	Modular	Timber
Units	24	24	24
On Site Works	14 weeks	16 weeks	40 weeks
Expected Cost	£2.658m	£2.044m	£2.12m

- 3.8 The options appraisal suggests that the use of modular build would provide the best value solution to meet the objective of delivering more temporary accommodation within the next 12 to 18 months.
- 3.9 It is necessary to consider the benefits and constraints of using the off site modular approach. These can be detailed as follows –
- This method of construction is not necessarily the cheapest unless it's for large quantities of a standard repetitive design layout and size that can be programmed for manufacture over many weeks/years.
  - There are some size and weight constraints that need to be considered in the off-site modular design to prevent transportation and installation difficulties.
  - The architects design needs to be fully developed and approved with the Off-site manufacture prior to going into factory production.
  - This method of construction allows for the units to be constructed off-site and then craned into position. This results in a speedier build on-site and the overall construction time is reduced.
  - Off-site construction can help ensure design compliance and consistency of build with structural, fire, acoustic and thermal efficiency building regulations standards.
  - The quality of build workmanship and mechanical/electrical services are tested for consistency of installation and operation prior to leaving the factory.
  - As each section of the building structure and its components are delivered to site complete the integrity and performance of the build structure does not get compromised due to weather or environmental conditions experienced.
  - Off-site construction substantially reduces the level of risk and delay experienced on site around material delivery, storage, movement, damage and environmental deterioration.
  - Offsite construction also dramatically reduces the length of time where other local residents are affected by construction noise and site disturbances
- 3.10 Based on the appraisal of options and considering the benefits that accrue from this design approach, the option to deliver the temporary accommodation units via a modular construction approach has been progressed.

## **4. WAY FORWARD**

### **Project timescales**

- 4.1 The project will be subject to a full planning document appraisal but likely timescales are expected to be as follows –
- Design – typically 8 to10 weeks
  - Planning Application – 13 weeks.

- Procurement – typically 12 weeks unless call-off appointment of architect and modular construction supply procured during design/planning phase.
- Factory Build – typically 16 weeks
- On-site pre-installation ground works – typically 8 to 12 weeks
  - On-site installation – typically 6 to 8 weeks
- Total project timeline estimated between 63 to 71 weeks

4.2 This timescale compares more favourably to either timber construction estimated at 85 weeks or a traditional construction estimated at 97 weeks

## Design of Units

4.3 The design of the units will be delivered via an architect that will produce detailed site plans, building elevations, interior floor plans and specification requirements for client sign off prior to manufacture. These design plans will seek to deliver the following objectives –

- To deliver a range of one (10%), two (60%) and three (30%) bedroom units within the project build
- To reflect a current standard design and layout contained within a modular “library”, therefore achieving the advantages of this type of build
- To incorporate en suite bathroom, kitchen and living facilities into each unit
- To deliver communal laundry, storage areas, office with meeting space and external landscape facilities
- To meet all current building regulations and requirements for a HMO (housing of multiple occupancy)
- To ensure that 10% of units are adapted for full wheelchair access
- To ensure that the design enables change of use between size of units offered or change of use to permanent accommodation

4.4 It is expected that the design brief will be agreed during the design element of the project and inform the planning application to be submitted.

## Procurement

4.5 In order to maximise the speed of delivery it is proposed to utilise existing procurement frameworks open to the council for the engagement of the relevant specialist professional consultants and contractors required to deliver the project. There are a number of Off-Site Manufacturing Frameworks available on the market that could be utilised, but it is important to ensure that the selected contractor is tailored towards modular construction of residential premises rather than commercial ones.

4.7 The two modular construction frameworks for residential buildings with multiple suppliers that could be used for this project are;

- a. London Housing Consortium. (LHC)
- b. Southern modular building solutions. (Hampshire)

- 4.8 Both these frameworks can be used via the traditional or 'turn key' procurement route but following review PHP intend to use the traditional approach as this would allow the early engagement of an architect through either the 'Source Development Partnership' or 'Fusion 21' frameworks that have both been used successfully by PHP/BoP previously.
- 4.9 This would also enable the selection of an architect with a proven modular design track record to help commence the planning application 'concept design' that would be used to inform the tender documentation for the procurement of the off-site manufacturer and groundwork contractor. This approach will help to manage the combination of the design, planning and procurement work stages within a reasonable timeline.

### **Housing Support**

- 4.10 All residents will be allocated a Housing Intervention Support worker who will be responsible for coordinating the support and services each family or person needs to move-on to settled accommodation. The on-site support office will ensure a range of services can be easily accessed by residents on a daily basis for dedicated interventions and support to access a range of services including money and benefit advice, employment support, general tenancy support and health or social care services. An enhanced housing management service will provide regular monitoring of the units to ensure the site is effectively maintained and voids are minimised.

### **Other Issues**

- 4.11 The lifespan of a modular construction is expected to achieve 60 years as long as the thermal insulation material is on the outside of the building to protect the steel frame from the environment. It is also dependant on the quality and manufacturing of steel frame sections. Most traditional constructions will achieve in excess of 60 years but the full lifetime of a modular build has not yet been tested, therefore the current estimate is based on known life cycles.
- 4.12 The repairs and maintenance liability for a modular build is the same as that for traditional build. However the design and location of the mechanical services within a modular construction is critical to ensure they are accessible through purpose service ducts and risers that don't expose the steel frame to the environment during future maintenance. This will be included in the design brief for this project.

## 5. FINANCIAL IMPLICATIONS

### Construction costs.

5.1 Based on soft market discussions with off-site construction specialists and architectural consultants the estimated construction cost for the project is £2,044m for 24 accommodation units. This estimate is subject to market conditions at the time of tender and excludes all site investigation and professional fees. An estimate of the site investigation works and professional project management fees for the delivery of this project are estimated at £127,570.

5.2 Table of the project cost estimate based on the 24no. Units

<b>Project Cost</b>	<b>£,000</b>
24no. individual units, plus communal units	2,044
Professional team fees	195
Land Transfer Value	150
<b>Sub Total</b>	<b>2,389</b>
Project Contingency @ 5%	119
<b>Total Budget</b>	<b>2,508</b>
<b>Funded By</b>	
HRA Capital	2,508
<b>Total Funding</b>	<b>2,508</b>

5.3 The delivery of temporary accommodation falls within the remit of both the Housing Revenue Account (HRA) and the general fund. The HRA can meet the costs of providing council owned accommodation used to support households deemed to be homeless, even if this is via temporary support until a secure tenancy can be offered. Outside of this approach the general fund meets the costs of providing accommodation within the private sector where the council is meeting its statutory duty for households.

5.4 It is proposed to fund this development through the HRA using additional borrowing and retained RTB receipts from sales. The property would be managed by the Housing Options team to deliver the Temporary Accommodation with this team responsible for all management and maintenance arrangements and costs. This position would be reviewed periodically for demand with the properties reverting to general needs social housing once demand has subsided within this area at some point in the future.

### Setup Costs

- 5.5 The property will be managed as an empty building. The Council will need to furnish the accommodation prior to use. This is estimated at an average of £7k per unit, a total of £168k.

### Revenue Costs

- 5.6 In 2017/18 the Council spent £487k on Bed and Breakfast accommodation. This was partially offset by Housing Benefits and client contributions but still left an annual cost of circa £297k in the General Fund.
- 5.7 The proposed properties would cost an estimated total of £198k per annum to run.

	£,000
Financing of HRA debt	125
Void Cleaning	35
General Cleaning	8
Sinking Funds	3
Bad Debt Provision / Court Fees	5
Other repairs / maintenance	22
<b>Total</b>	<b>198</b>

This cost would be offset by income of £146k from Housing Benefit and client contributions to give an estimated cost of £52k to the General Fund per year.

- 5.8 The proposed rent levels for the accommodation units are below the Local Housing Allowance (LHA) rates which means that the rents, subject to individual assessment, will be covered by Housing Benefit and that no top up will be required. This also means that the Council will not have the requirement to pay a Housing Benefits Subsidy for this property.

## 6. LEGAL IMPLICATIONS

- 6.1 The council has the relevant powers to proceed as proposed and the way this is taken forward will be considered with Legal Services in due course.

## 7. RISK MANAGEMENT IMPLICATIONS

- 7.1 Site Investigation works.
- Prior to initiation of this project:
    - a. It has been assumed for estimating purposes that the site is free of any abnormal soil contamination and remediation works that would otherwise prevent the build to go ahead. The project cost estimate is informed by a competitive quotation for the commissioning of a specialist consultant to undertake ground soil

investigations surveys and a Geo-technical assessment report.

- b. It has been assumed for estimating purposes that the site is free of any major tree demolition or maintenance works that would otherwise prevent the build to go ahead. The project cost estimate is informed by a competitive quotation for the commissioning of an Arboriculture consultant to undertake an Impact Assessment and Tree Protect Plan.
- c. It has been assumed for estimating purposes that site utility services can be easily connected to the public utility company's network local to the site access from Herbert Ave.

## **8. EQUALITIES IMPLICATIONS**

- 8.1 The provision of additional temporary accommodation will increase the range of housing options available to those facing homelessness. This provision will ensure a safer environment for vulnerable households at a time when they are most at need. The provision will ensure that the council widens its ability to meet safeguarding requirements and reduces the risk of using bed and breakfast accommodation. Many of these households will include women and children and those deemed to hold a vulnerability therefore improving the offer and reflecting a positive equalities impact.

## **9. CONCLUSIONS**

- 9.1 This report brings forward plans to develop 24 units of accommodation that will be used in the first instance to support temporary needs. It reflects the rising demand for this type of accommodation and ensures it is delivered at a lower cost and in an environment that is more fit for purpose than current options. It will deliver a financial benefit to the general fund revenue account and seeks to maximise the use of the HRA capital programme while holding the stock for use by the council in the longer term.

### **Contact officers:**

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