

Chichester District Council

THE CABINET

4 December 2018

Increasing the Provision of the Council's Temporary Accommodation at Freeland Close Chichester

1. Contacts

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2. Executive Summary

Members are requested to consider the Project Initiation Document and consider approval of the preferred development option. Should this scheme proceed further funding will be required from the Housing Investment Reserve to cover additional consultancy costs to enable the scheme design to be finalised and submitted for planning permission. Delegated authority is sought for tenders to be invited for the building contract once planning permission has been achieved.

3. Recommendations

- 3.1 That the Project Initiation Document (PID) and timescales set out in the appendix to the report be approved.
- 3.2 That the preferred option, option 3 set out in section 8 of the PID, be progressed to detailed design stage and a planning application is submitted and, following planning approval, the scheme design be finalised ready for invitation of tenders.
- 3.3 The Director of Housing and Communities be authorised to conduct the procurement, invite tenders and take all steps up to, but not including, award of contract.
- 3.4 That the contactor bids be presented to the Cabinet following the receipt and analysis of tenders, for award of contract.
- 3.5 That the Council approves the allocation of £102,000 from the Housing Investment Reserve to enable the scheme design to be finalised and submitted for planning approval.

4. Background

- 4.1 In February 2017 Cabinet approved an Initial Project Proposal Document (IPPD) for the Council to invest in the purchase of 22 Freeland Close to provide additional temporary accommodation for homeless households. The initial options appraisal considered the most effective use of the existing single storey building in terms of costs and meeting the Council's need. This was reflected in the IPPD which anticipated an overall cost of £600k to provide 1 x 1 bedroom flat and 2 x 4 bedroom flats.
- 4.2 Council approved the purchase of this property in March 2017 and the property was acquired in December 2017. It also approved a supplementary budget of £15,000 to enable a full options appraisal to be undertaken and £10,000 to progress the preferred option to planning stage.
- 4.3 Since then the property has been bought back into use to provide four one bedroom flats as temporary accommodation, whilst a full options appraisal to evaluate the most effective use of the property was undertaken.
- 4.4 Five preliminary options were appraised in April 2018:
- Continue the use of the property in its current form
 - Utilise existing footprint over 2 floors (440m²)
 - Utilise existing footprint over 2.5 / 3 floors (660m²)
 - Utilise existing footprint over two floor plus a 2 storey extension
 - Utilise existing footprint over 2.5/3 floors plus a 2 storey extension

These were presented to the Councils Strategic Leadership Team (SLT), following which detailed costings for two options were worked up for further analysis.

- 4.4 Since the IPPD appraisal, it has become apparent that the development opportunity of the site is greater than originally anticipated. As a result, consultancy costs to bring a scheme to planning permission have increased to reflect the size and scope of the development. The cost to bring the preferred option to planning is now £40,000, rather than the original estimate of £10,000 in para 4.2 above.
- 4.5 Further background information relating the project can be found in section 3 of the attached PID (Appendix 1).

5. Outcomes to be Achieved

- 5.1 The primary outcomes to be achieved include:
- Additional temporary accommodation to effectively meet the Council Statutory duty in respect of homeless families and vulnerable single people; and
 - A reduction in the use of bed and breakfast accommodation.
- 5.2 Additional outcomes are set out in section 4 of the attached PID.

6. Proposal

- 6.1 It is proposed that Option 3, identified in section 8 of the attached PID, is progressed to the detailed design stage and a planning application submitted. Following planning approval it is proposed that the detailed scheme design is finalised and tenders invited for the build contract. An additional £30,000 is now required to progress the project to planning permission with £72,000 for consultant's fees required to finalise the scheme design. This will deliver a net increase of 17 additional one bedroom units, which can be used flexibly to provide a smaller number of larger family units.
- 6.2 The Council currently holds a Housing Investment Reserve of £765,000. It is proposed that £102,000 is allocated to cover the additional costs set out in 6.1 above.
- 6.3 It is proposed that the contractor bids will be presented to Cabinet following the receipt and analysis of tenders, for award of contract. Funds from the Council will also be sought to cover the costs of the redevelopment which are detailed in section 8 below.

7. Alternatives Considered

- 7.1 The options considered are explained within section 8 of the attached PID.

8. Resource and legal implications

- 8.1 The estimated total cost of the redevelopment is £2,100,000. This does not include the purchase costs of £208,815.
- 8.2 Following receipt of tenders a report will be taken to Cabinet and Council for selection of the contractor and requesting that Section 106 commuted sums of £510,000 (based on £30k per additional unit) are allocated to this project. An application for grant of £510,000 - £765,000 (based on £30 - £45k per additional unit) will be submitted to Homes England at the same time as planning is submitted. If these grants are secured they will be payable on completion.
- 8.3 The capital investment required by the Council to deliver this project is therefore expected to be between £825,000 and £1,080,000 (£25,000 of this is included within the sum already approved by Cabinet, see para 4.2 above).
- 8.4 The Council currently holds a Housing Investment Reserve of £765,000. This presents a fitting opportunity for the Council to invest these funds to meet key objectives of the Corporate Plan.
- 8.5 It is proposed that the remaining capital balance of up to £290,000 will be funded from the New Homes Bonus reserves.
- 8.6 Staffing costs of the Project Team are included within the Councils existing base budget. However, it is imperative sufficient capacity is timetabled within individual team member roles.
- 8.6 The consultancy services will be procured in line with the Councils standing orders.

9. Consultation

- 9.1 Pre-application planning advice has been received from Development Management in Planning Services. No major concerns regarding the redevelopment of the premise were raised.
- 9.2 Internal consultation with Housing and Building Services fed into the design brief for the appointment of the lead consultant.
- 9.3 Finance and Property Services has been consulted as part of the options appraisal.
- 9.4 Public consultation will be held at the planning application stage.
- 9.5 Homes England has been consulted on the project and advised the scheme could achieve grant funding of up to £45k per additional unit from the Shared Ownership and Affordable Homes Programme 2016 to 2020.
- 9.6 On 12 January 2016 the Overview and Scrutiny Committee considered the Housing Strategy Review. It recommended that Cabinet supports the options for the future housing delivery and capital investment.

10. Community Impact and Corporate Risks

- 10.1 There is a risk that once the development is completed the need for such accommodation declines. An increase in void levels would result in a loss of income. This could be mitigated by using the accommodation to meet wider statutory duties working with West Sussex County Council and neighbouring Local Authorities. Alternatively, the Council could dispose of the property to one of its Registered Provider Partners to enable the property to be let as affordable rented units, to meet local affordable housing needs of the District.
- 10.2 An equalities impact assessment has been undertaken and concludes that it will have a positive impact. The proposals will increase the supply of, and access to suitable temporary accommodation for homeless households.
- 10.3 Further risks and mitigation measures are identified in section 13 of the attached PID.

11. Other Implications

Crime and Disorder None
Climate Change and Biodiversity The proposed scheme will be developed in line with the Council's environmental and sustainability strategies for Climate Change and Carbon Management in order to promote environmental awareness, sustainability and corporate social responsibility.
Human Rights and Equality Impact An equalities impact assessment has been undertaken and concludes that it will have a positive impact. The proposal will increase the supply of, and access to, temporary accommodation to homeless households.
Safeguarding and Early Help There will be a positive impact as all tenants will be managed and supported by the tenancy support team at Westwood House.

General Data Protection Regulations (GDPR) None
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12. Appendix

12.1 Project Initiation Document

13. Background Papers

13.1 None