

EAST HAMPSHIRE DISTRICT COUNCIL
PENNS PLACE
PETERSFIELD
HAMPSHIRE
GU31 4EX



Telephone: 01730 266551
Website: www.easthants.gov.uk

CABINET AGENDA

Date: Thursday 9 September 2021

Time: 5.00 pm

Venue: Council Chamber, Penns Place, Petersfield, GU31 4EX

Membership: Councillor R Millard (Chairman)

Councillors J Butler (Vice-Chairman), T Costigan, N Drew, A Glass, C Louisson,
R Mocatta, K Moon and I Thomas

The business to be transacted is set out below:

Daniel Toohey
Monitoring Officer

Date of Publication: 1 September 2021

Contact Officer: Jenni Harding 02392 446234
Email: jenni.harding@havant.gov.uk



PART 1 (Items open for public attendance)

1 Apologies for Absence

To receive apologies for absence.

2 Chairman's Announcements

3 Minutes

To approve the minutes of the meeting of the Cabinet held on 01 July 2021.

4 Declarations of Interest

To receive and record any declarations of interest from members present in respect of any of the various matters on the agenda for this meeting.

5 Pinewood Village Hall

1 - 48

6 Appointments

Cabinet are asked to APPROVE:

(1) that Cllr Chris Hatter be appointed as RESERVE to the Partnership for South Hampshire Joint Committee for the municipal year 2020/2021.

(2) that Cllr David Evans be appointed as RESERVE to the Partnership for South Hampshire Overview & Scrutiny Committee for the municipal year 2020/2021.

PART 2 (Confidential Items - closed to the public)

7 Exclusion of the Press and Public

RECOMMENDED that the press and public be excluded from the meeting during consideration of the following item as:

- (a) it is likely, in view of the nature of the business to be transacted, or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information as specified in Part 1 of Schedule 12A (as amended) to the Local Government Act 1972; and

- (b) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Item XX

Paragraph XX

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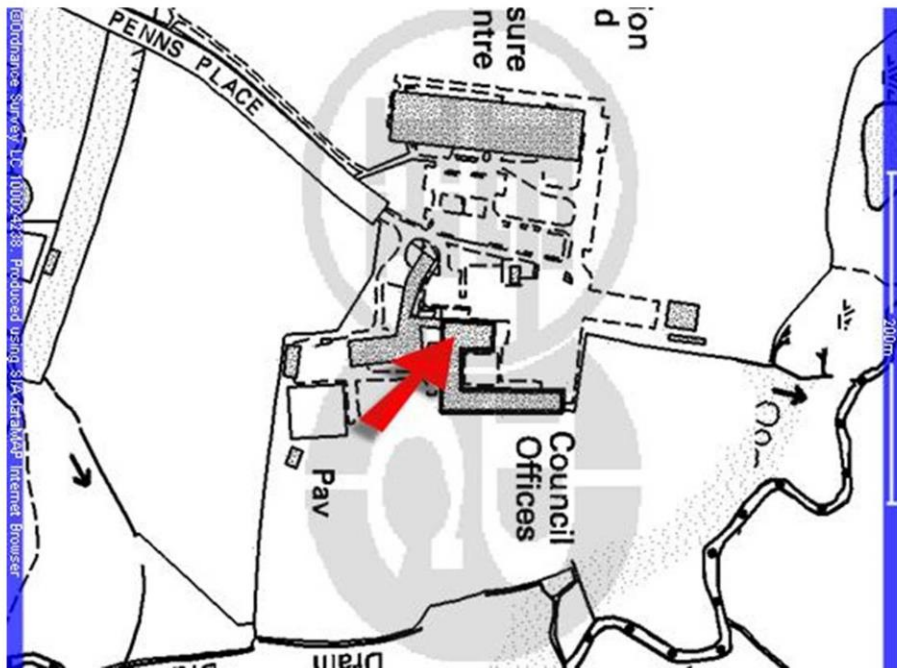
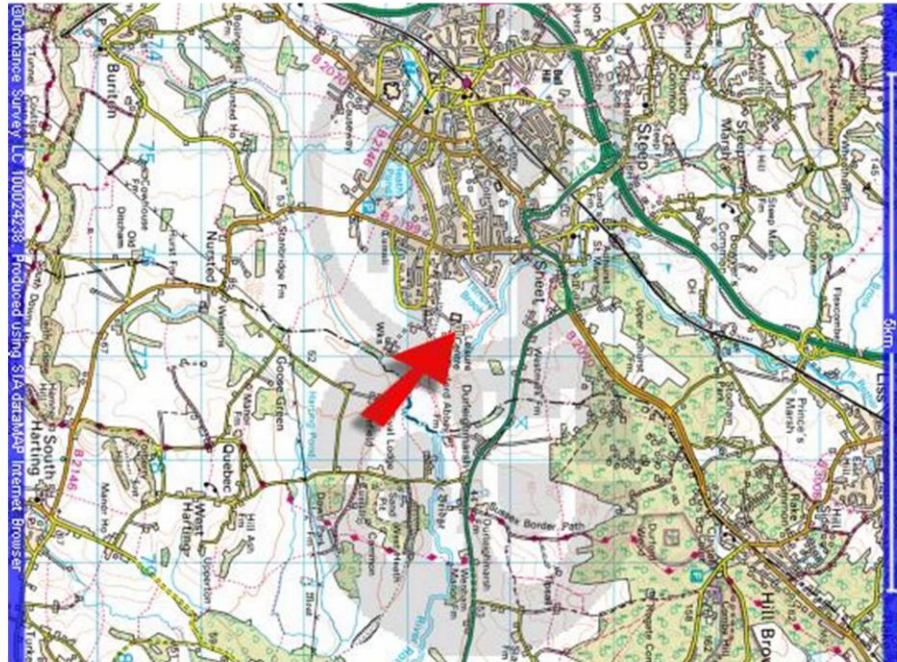
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PART EXEMPT

EAST HAMPSHIRE DISTRICT COUNCIL

Cabinet

09/09/2021

REPORT TITLE: Decision to convert Pinewood Village Hall into temporary accommodation for homeless persons

Author's job title: Housing Development Manager

FOR DECISION

**Portfolio: Portfolio Holder for Welfare and Communities
Cllr J Butler, Deputy Leader**

Head of Service: Tracey Wood, Head of Housing and Community Engagement

Key Decision: Yes

Report No: EHDC/023/2021

1.0 Purpose of Report

1.1. This report is submitted to Cabinet to request s106 affordable housing funds for use on this project to provide accommodation for homeless persons. This report follows the decision granted by Cabinet resolution 05/09/19 to prepare a business case on the feasibility of this project.

2.0 Recommendation

- 2.1. Cabinet is recommended to grant a resolution for the release of £792,000 of affordable housing developers' contributions for this project.
- 2.2. Cabinet is recommended to approve the entry into contract with Velocity RDT Ltd for the construction of the residential accommodation and ancillary works.
- 2.3. Cabinet is recommended to approve the entry into a contract with Two Saints, for an initial 5-year period, to provide management, support and maintenance services of the building, following the completion of the tendering exercise as detailed in paragraph 3 below.

- 2.4. Cabinet is recommended to delegate the completion of all contractual and legal matters as required to progress the project to the Director of Regeneration and Place, Monitoring Officer and S151 Officer.

3.0 Executive Summary

- 3.1. This report contains detailed financial information that is commercially sensitive and so is contained within Exempt Appendix 1.
- 3.2. There is a critical shortage of temporary accommodation within the district for single homeless persons and the Council is reliant upon B&B accommodation to meet its statutory duties.
- 3.3. Currently the B&B establishments available to the Council are all out of district, save one in Rowlands Castle. The furthest B&B establishments are in Slough and Bognor.
- 3.4. Since commencing this project the scale of homelessness has increased significantly in the district, as well as across the country. There were 58 B&B placements in 2020-21, which represents an 18% increase on the 49 placements made in 2019-20. This increase has been predominantly from vulnerable single people and can be largely attributed to the negative effects of Covid-19 on employment, mental health and housing.
- 3.5. In conjunction with Velocity RDT plans to design the accommodation 'pods' have advanced considerably since Cabinet were advised of this project 05/09/19.
- 3.6. Planning permission was granted 03/07/20 for 10 dwellings, with 7 being contained in the existing building, which will be retained, and 3 in the garden.
- 3.7. A procurement exercise through open tender completed on 22/06/21 to find a suitable housing and support specialist capable of effectively managing the site on behalf of the Council. This tender was conditional upon the grant of Cabinet approval.
- 3.8. Two organisations bid for the management contract, Two Saints and Sovereign Housing Association. Both submissions were of a high standard, with Two Saints achieving the highest score.
- 3.9. Two Saints will contract with the Council, for an initial 5-year period, to provide management, support and maintenance services of the building, as detailed within the tender.
- 3.10. Two Saints will lease the building from the Council, for an initial 5-year period, at best consideration and on a full repairing and insuring basis, as detailed in the Exempt Appendix. Both the lease and the

management contract are yet to be negotiated and so delegated authority is recommended for this purpose.

- 3.11. A 5-year lease will be offered to ensure the Council retains the right to consider options for the site and the adjacent Post Office site, also in the Council's ownership, within the medium term.
- 3.12. The project budget was previously reported to Cabinet to be an estimated £660,000 to procure the pods and complete the works. A number of specialised and sustainable features, outside of the budget, have been incorporated, plus an industry wide increase in materials and labour costs has necessitated an increase in the budget. The total costs to procure the pods and complete the works is now at £685,000 with a further sum of £107,000 required for fees, surveys, ancillary project costs and contingencies.
- 3.13. This gives a total project budget, including contingency, of £792,000 with further detail provided in the Exempt Appendix. The Council's costs for this project will be met by the Affordable Housing Developers' Contributions (AHDC) budget.
- 3.14. The project concept is believed to be a UK first and Velocity RDT has patents pending. The design incorporates several innovative features, which include:
 - a. The use of sedum roofs on the 3 external pods, to reduce water run-off
 - b. A 17kw photovoltaic panel system generating renewable electricity for the benefit of residents and in support of climate change measures
 - c. An i-mist fire suppression system and alarm
 - d. Building sensors to monitor the health of the building fabric
 - e. CCTV to improve the safety, management and welfare of residents
- 3.15. The management contract with Two Saints, whilst yet to be drafted, will include an onsite staff presence of 30 hours per week. This has been increased by 10 hours per week since project concept and this additional cost is reflected in figures contained in the Exempt Appendix.
- 3.16. In summary, the project benefits can be categorised as follows:
 - a. Supports the Council in the discharge of its duties under homeless persons legislation.
 - b. Provides homeless persons with good quality, supported accommodation, far superior to B&B arrangements
 - c. Re-use of a redundant Council building.
 - d. Income generating through the lease of the site.

- e. Savings achieved to the homelessness budget following reduced reliance upon B&Bs.
- f. Innovative use of technology to ensure the safety of residents and monitoring of the structural health of the building.
- g. Use of sustainable technology to reduce the Council's carbon footprint and tackle climate change.
- h. Creates a blueprint for future projects using Council land.
- i. Subject to Cabinet approval and contract, this project is ready to be implemented and could be operational by mid-2022.

4.0 Additional Budgetary Implications

4.1. This project will have a positive impact on a number of budgets, as listed below, with further details provided in Exempt Appendix 1. Please note these are current best estimates at this stage.:

Annual Revenue in / Savings	Amount	Notes
Lease of Pinewood Village Hall	████████	Offer following public tender
B&B expenditure	£30,000	Saving calculated as 75% of £40,000 Temporary Accommodation budget 2020/21
Pinewood holding costs	£7,500	Estimate for shuttering hire, utilities, property management whilst vacant
Total	████████	

£100,000 of Flexible Homeless Support Grant will be ringfenced used to support Two Saints in the management of the site. This will be drawn down at a rate of £20,000 per annum over 5 years. This is within the usable externally funded reserve which currently has a budget of £350,000

5.0 Background and relationship to the Corporate Strategy and Directorate Business Plan/s

5.1. This pilot has elements that address each of the 5 operational priorities of the Corporate Strategy, with the goal of improving the lives of homeless persons by providing an alternative to placement in B&B and rough sleeping.

5.2. The project will provide a valuable resource to enable the Council to support the most vulnerable people living within the East Hampshire communities.

5.3. The project links to the business plan as follows:

Action: Build on the existing innovative ways in which to provide support to the development of affordable housing

Outcomes: Provide a new source of temporary accommodation (Brent House) through working with Two Saints/HBC and pilot pod living project for use of temporary accommodation using affordable homes developers' contributions

Action: To implement the new Homelessness and Rough Sleepers Strategy 2019-2022 and deliver year 1 actions from the action plan

Outcomes: Maximise delivery of affordable housing completions (to exceed 500 homes over a 2-year period, Mar 2018 - Mar 2020) and reduce placement into B&B including reduced spend. Reduce numbers of rough sleepers (November count). Maximise preventions and relief cases.

6.0 Options considered and reasons for the recommendation

6.1. The building has been empty for 3 years, was underutilised as a community asset and so it's former use is not sustainable. Furthermore, the building's condition has deteriorated over this period and the Council would be required to make a considerable financial investment to return the site to a lettable state. A condition report, with estimated repair / reinstatement costs is provided as Exempt Appendix 1b.

6.2. Whilst the adjacent site, owned by the Council, remains under lease to the Post Office, it would be premature to consider further options. There may be a benefit to considering options for both sites jointly and the 5-year lease of Pinewood, ensures the Council retains this option.

6.3. The pods will be used as short stay temporary accommodation in the same way that B&B accommodation is used. Occupants are expected to reside there for up to a maximum of 6 months. This resource will significantly reduce the Council's reliance upon B&B accommodation, which is expected to generate annual savings to the B&B budget. The Council would also receive an income through the lease of the site, as detailed in Exempt Appendix 1.

7.0 Resource Implications

7.1. Financial Implications

7.2. It is proposed that the Council's £792,000 costs for this project will be met by the Affordable Housing Developers' Contributions (AHDC) budget. This budget currently has a balance of **£2.8m** and ring fenced on the balance sheet for spend on affordable housing provision only. This scheme meets the criteria for use of AHDC spend. If this is not used within 5 years some of the expenditure could be due for return to developers

7.3. Following the initial capital expenditure to complete the works, there are anticipated to be no further costs to the Council for the duration of the lease. The Council will continue to receive an income from this site, as long as it continues to be leased for this purpose.

7.4. Human Resources Implications

- No additional staff resources are required from within the Council to complete the procurement, design and build phase of the project.

7.6 Links to Shaping our Future Programme

- This project will make a significant contribution towards the theme of Reducing Homelessness, but also supports other themes, such as Climate Change. The project will provide high quality, supported accommodation that will give residents the skills and support required to manage their own housing situation in the future and break the cycle of homelessness.

8.0 Legal Implications

8.1. The proposals set out in this report are lawful and are consistent with the Council's obligation to provide housing to eligible homeless people.

8.2. All applicable building regulations must be abided by.

8.3. The conversion from a village hall to self-sufficient accommodation units must be carried out by suitably qualified persons and the Council must have contractual arrangements (JCT Design and Build contract) in place to ensure that the work is completed in a timely manner and in a way consistent with the law.

8.4. A procurement exercise has been successfully undertaken in line with the Council's Constitution and a supplier has been found to manage the accommodation. A service contract will need to be entered into with the service provider to ensure that the Council's interests are protected.

8.5. A title investigation was undertaken some two years ago and that this revealed nothing which would impede this scheme.

9.0 Risks

- 9.1. Development projects come with many risks, most of which are financial, but health and safety risks plus reputational risks will also be present.
- 9.2. To ensure best value for money and sensitivity test the build costs, specialist surveyors have been commissioned to provide a Contract Sum Analysis Report. The report noted that build costs are 5% above that of a comparable build, however it also noted that it is difficult to draw comparisons elsewhere.
- 9.3. Contractor insolvency/finance risks will be mitigated through developer cashflow, as Velocity RDT are unable to secure a Performance Bond. This is because the project is a UK first and so it's not possible to have experience delivering a project of this nature. A 20% retention will be held from the monthly valuations for the first 4 months, then dropping to 5% for the remaining programme. Further details are in the development cashflow in the Exempt Appendix.
- 9.4. Build quality and latent defects will be mitigated through a combination of 5% retention, 12-month defect rectification period and 10-year Latent Defects Warranty. It should also be noted that Velocity RDT view this collaboration with the Council as a pilot to showcase their product, hopefully leading to further projects with the Council and other Local Authorities.
- 9.5. Cost over-runs will be mitigated through the build contract, with the Council and Velocity entering into a fixed sum JCT Design and Build contract. A construction contingency and project contingency has been included in the project budget.
- 9.6. Management of a supported housing scheme requires specialist resources, experience and skills. The Council would face a multitude of risks if it were to undertake the day to day management of this supported housing project, as the resources, experience and skills do not exist within the organisation. For this reason, the site will be leased to Two Saints who specialise in managing accommodation for homeless persons. The Council already enjoys an excellent working relationship with Two Saints and has collaborated on other projects with them.
- 9.7. Velocity RDT have submitted a contract sum, based upon current material and labour prices. They have advised that they are seeing a considerable rise in costs of materials across their suppliers and that they may not be able to hold their quoted price, beyond September

2021. This creates a risk a potential cost increases should the Council delay a decision beyond September.

10.0 Consultation

- 10.1. Consultation has taken place with Ward and Town Councillors, residents and businesses adjacent to the site and the wider community as part of the planning process.
- 10.2. The project has been presented in detail to Councillors at the recently formed Affordable Housing Cabinet Liaison Panel, where many positive comments were received.
- 10.3. The project proposal was presented to the Executive Board and Cabinet in 2019 and is substantively unchanged.
- 10.4. The Property Team, Legal Services, Planning, Building Control and Housing Options have all been consulted throughout the life of the project.
- 10.5. Numerous enquiries either direct to officers or via Councillors have been made from local residents and have been responded to in detail.

11.0 Communication

- 11.1. This concept is believed to be a UK first and there will be excellent opportunities arising through press, social media and on-site events for publicity.

12.0 Appendices:

Exempt Appendix 1 detailing project finances
Exempt Appendix 1a – Velocity RDT Contract Sum
Exempt Appendix 1b – Martin Ralph Surveyors Pinewood Condition Report with reinstatement costs.

13.0 Background Papers: Cabinet Report 05/09/19 granting resolution to prepare a business case.

Agreed and signed off by:

Monitoring Officer: 02/09/21
S151 Officer: 02/09/21
Director of Regeneration and Place: 12/08/21
Portfolio Holder: 10/08/21

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