

POLICY & FINANCE COMMITTEE

24 JUNE 2021

SEVEN HILLS REGENERATION PROJECT UPDATE

1.0 Purpose of Report

- 1.1 This report is to provide the Policy & Finance Committee with a project update including information in relation to the procurement exercise to secure a developer to regenerate the Council's temporary accommodation facility at Seven Hills.
- 1.2 The report also requests that the Committee approve the recommendation, (supported by SLT) to increase the existing approved budget by a further £350,000 to ensure sufficient funds are in place to deliver the proposed project to the satisfaction of the Council.

2.0 Background Information

- 2.1 In a report to Homes & Communities Committee (HCC) on 11 March 2018 the Committee were asked to consider the possible options for the Seven Hills site as it has previously been identified as a strategic site for planning. In addition, the temporary accommodation provision was no longer considered to be fit for purpose.
- 2.2 Further to that report and others that have been to both HCC meetings and SLT since, it was identified that the redevelopment of the site including the re-provision of replacement temporary accommodation would make the best use of this site and consequently the appropriate capital funding, to the value of £3m has been set aside to bring this to fruition.
- 2.3 Subsequent to having the funding agreed there have been several exercises undertaken to create plans for the replacement temporary accommodation and the best type of construction to use. These exercises have on occasion caused delays and debate with reports presented to SLT and HCC over the period.
- 2.4 The initial market testing did not bring forward the level of response or innovation hoped for and so in 2019/20 the scheme support changed and market testing recommenced.
- 2.5 With support from Asset colleagues, Welland Procurement and WPT this latest exercise led to six potential organisations expressing an interest in our project. The procurement process identified is that there were a number of factors from that original agreed capital spend that had not been considered.

3.0 Proposals

- 3.1 As you will see from the attached **Appendix A**, the site evaluations, inspections, general costs and build costs can all be achieved from within the existing £3m capital budget. It should also be noted that appropriate planning approval has also now been received.
- 3.2 However, what is also evident in Appendix A break-down of costs is that in achieving the build, to this point, leaves no spare monies for general site/construction contingencies and no funds for fitting out any of the accommodation, facilities or office space once built.

- 3.3 The development of our tenancy support service has given us a much stronger understanding of our customers' needs and the reliance they have on support when they first arrive. It is for this reason that we are still wanting to provide a 'community hub' where our own support team and any other relevant agencies can deliver the necessary skills, knowledge and support to residents. Keeping things like laundry and kitchen facilities are key elements to creating and assisting residents in sustaining 'homes'. We would like to increase the digital support offer available to residents and hub users with the installation of pcs/tablets to support with children's school work, and parents digital commitments and development. It is hoped in time that this facility can be opened up to the wider community and contribute to supporting service delivery in other areas of the Council in the form of educational, tenancy sustainment and activities aimed at reducing the digital divide.
- 3.4 Learning from our existing accommodation provision there has been much debate about whether or not to furnish any or all of the accommodation units once built. There are pros and cons to both of these and the current operational team agree that in the accommodation that will be over two storeys we consider including minimal furniture such as beds in these upstairs rooms, not least to prevent staff from having to carry them.
- 3.5 In addition to items such as beds we currently provide fridges and cookers, it is difficult to know exactly at this time what our kitchens will look like in the replacement accommodation however the project team again agree that these two items are key provisions for all of the units.
- 3.6 The operational group has also been working hard on identifying an alternative accommodation solution that will have the least impact on service users, staff and the general public whilst this scheme is being built out. It is our intention in the first instance to maximise the use of Wellow Green but it is acknowledged that for some, this placement will be completely impractical.
- 3.7 It has therefore also been agreed that we will use any and all of our empty homes across the district. If having exhausted both of these measures there could be an increased use of B&B, however we are aware this could create knock on delays for those on the waiting list and could in itself increase homelessness approaches as a result.
- 3.8 Other considerations are also still being worked out such as location of staff during the demolition and rebuild phases that makes them accessible to those we have placed in order to maintain our support and undertake their daily tasks. In addition, where we will store essential items such as our basic household set up (pots, pans, plates etc.) when applicants arrive with nothing. We have strengthened our agreement with the furniture project but again they can only provide what they have and this comes at a cost.
- 3.9 It is evident that there are a number of factors to consider that would not have been obvious from the onset of this project. Therefore, it is proposed that the final budget be increase by a further £350,000 to cover the additional build and site contingencies at £300,000 and allows for £50,000 (Appendix A) to be used for alternative temporary accommodation provision and B&B contingencies to facilitate project delivery. When it comes to alternative temporary accommodation and storage we will wherever possible be seeking services free of charge or with minimal associated costs.

4.0 Equalities Implications

- 4.1 The Council has for the last three years considered this accommodation to be unsuitable. It has had several attempts previously at improving the accommodation standards but ultimately the client group, some of our most vulnerable and at risk individuals and families are still living in unsatisfactory circumstances.
- 4.2 Investment in this new build will provide excellent modern facilities that will provide a safe place and springboard for residents, together with a highly efficient building with lower running costs.

5.0 Digital Implications

- 5.1 The digital implications for this project are two-fold, the first will be when staff initially pull out of the site and relocate. Support will be required by ICT colleagues to work up solutions to enable the staff to continue working, remotely from another location (once identified).
- 5.2 In addition to that there will be the support required from ICT when the build is taking place/nearing completion to ensure that there is sufficient internet connection, line speed and any equipment identified as appropriate for the Hub.
- 5.3 Knowing that support from ICT will be key to delivering several elements of this project, at the beginning of the year the scheme was added to the programme of upcoming works so ICT are able to support the project as required.

6.0 Financial Implications (FIN21-22/8232)

- 6.1 There is an existing budget in the capital programme of £3,000,000, which is financed 100% by borrowing. The result of this borrowing is a charge to the general fund of £60,000 in Minimum Revenue Provision (MRP) per year for 50 years, which has been included in the medium term financial plan.
- 6.2 As at 31 May 2021, spend against the scheme was £77,000, all relating to professional fees for the project and are included in the commitments listed in appendix A.
- 6.3 The recommendation below is that the overall budget is increased to £3,350,000. It is proposed that the additional £350,000 be transferred from the Homelessness Reserve as a revenue contribution to Capital, in order that the impact on the general fund is kept to a minimum.
- 6.4 The homelessness Reserve balance following the 2021/22 allocation from the Ministry of Housing Communities and Local Government (MHCLG) will be in excess of £595,000. After the transfer to Capital of £350,000, there will be a remaining uncommitted balance of £245,000.
- 6.5 The additional £50,000 included the proposal as per paragraph 3.9 for alternative homelessness accommodation is anticipated to be sufficient to cover the 12 month build period.

7.0 Community Plan – Alignment to Objectives

- 7.1 This project directly contributes to “creating more and better quality homes through our roles as landlord, developer and planning authority” through providing suitable and cost effective accommodation that meets our statutory duties by undertaking a comprehensive review of temporary accommodation in the district.
- 7.2 As part of the outcomes of this project, our temporary accommodation will commence with our “Healthy Start” project to encourage tenancy success in our homes.

8.0 Comments of Director

- 8.1 This is a really exciting project that will lift the area and provide great accommodation from which to provide support services to help people get on their feet and into settled accommodation. The additional funding will ensure we have the resources to make the new service delivery model a reality.

9.0 RECOMMENDATIONS that:

- a) the report and Appendix A be noted; and**
- b) an increase to the capital budget to £3,350,000, which is essential for this project to be completed successfully, be approved.**

Reason for Recommendations

To ensure the redevelopment of Seven Hills temporary accommodation can be achieved.

Background Papers

Nil.

For further information please contact Maria Cook on Ext 5456

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Seven Hills Regeneration Project Update

Budget Implications

This is an extract from a recent update report from the Projects Asset Lead.

The project has a budget approved of £3,000,000, the budget was set in 2017/18 financial period and was approved by Homes and Communities Committee.

Due to the current market and the recent procurement exercise which has tested the market, it is recommended that the budget be increased by 10% to ensure sufficient funds are in place to deliver the project to the satisfaction of the council.

The proposed breakdown of expenditure is listed in the table below:

Item	Budget
Pre-construction Design	£65,000 (committed)
Professional Fees (engineers, client's agent, CDM principle designer, party wall, surveys.)	£80,000 (committed)
Main Construction Costs	£2,646,200 (confirmed costs)
Efficient heating Solution option	£150,000 (estimated costs)
Internal Fit out of accommodation units and communal areas including community hub, offices, laundry, and storage area.	£200,000 (estimated costs)
Contingency Sum 5%	£157,060
Alternative Accommodation	£50,000 (estimated costs)
Total recommended Budget	£3,348,260

The original budget did not have provision for the internal fit out of the units or for a contingency sum. It is recommended that both are including in the project budget to ensure that sufficient funds are in place to deliver the project to the required standards.