

Decision Maker: CARE SERVICES POLICY AND DEVELOPMENT COMMITTEE

Date: Tuesday 17 November 2015

Decision Type: Non-Urgent Non-Executive Non-Key

Title: CAPITAL WORKS POST COMPLETION REPORT

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Chief Officer: Assistant Director: Housing Needs (ECHS)

Ward: (All Wards);

1. Reason for report

- 1.1 Under the approved capital programme procedure, capital schemes should be subject to a post-completion review.
- 1.2 This report provides Members of the Care Services Policy, Development and Scrutiny Committee with a post works completion evaluation for Bellegrave in terms of the refurbishment work and operational performance for Bellegrave as temporary accommodation provision for homeless households.

2. **RECOMMENDATION(S)**

- 2.1 **The Care Services Policy, Development and Scrutiny Committee are asked to note the contents of this report and comment on operational performance of Bellegrave in meeting the Council's statutory rehousing duties for homeless households.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People Quality Environment Safer Bromley Supporting Independence:
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Financial

1. Cost of proposal: £508,000 : total cost of refurbishment including storage facilities and annual running costs from the time the property was vacated until the scheme became operational
 2. Ongoing costs: Recurring Cost Non-Recurring Cost Not Applicable: Further Details
 3. Budget head/performance centre: Temporary accommodation
 4. Total current budget for this head: £3,402,800
 5. Source of funding: EC&HS Approved 2015/16 revenue budget. Capital funding for the refurbishment work from the homelessness contingency budget.
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): More than 5,500 households approach with housing difficulties which could lead to homelessness each year. There are current about 1,097 households in temporary accommodation to whom the Council owes a statutory duty, of which 683 are in costly forms of nightly let accommodation.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Ward councillors for the area in which Bellegrove is situated were consulted throughout the planning and refurbishment stage.. There has been overall support provided for the scheme with positive feedback provided from visits since the scheme has been operational.

3. COMMENTARY

3.1 Following Executive approval in January 2013 and planning permission in May 2013 Bellegrove, a former residential care home was refurbished for use as temporary accommodation for homeless households.

3.2 The principle aim of the proposal was to provide a relatively speedy good quality alternative to costly nightly paid accommodation (NPA) placements arising from increased statutory homelessness and thus reduce the current budget pressures being faced by the steep rise in nightly paid placements to meet our statutory rehousing responsibilities.

Refurbishment:

3.3 The report to Executive set out the estimated capital costs for refurbishment based on the draft specification of work required to meet the health and safe standards required for temporary accommodation. It was noted that the indicative costs set out were subject to any additional requirements arising from the planning requirements and also final tender price for the work contracted. In addition it was noted that there were a number of areas which could not be fully tested until refurbishment work was underway and as such could impact upon the final cost of refurbishment.

3.4 The Executive Report confirmed appointment of Orchard and Shipman to project manage the refurbishment work on behalf of the Council in advance of managing the scheme under the exiting temporary accommodation management contract.

3.5 Planning permission was granted in May 2013 and works commenced shortly afterwards.

3.6 The refurbishment work was completed within the agreed project plan timescales, with the first occupants taking up residence on 18th October 2013.

3.7 The initial specification of works was completed with little overall variation in costs. However during the refurbishment work, it was discovered that the fire alarm system within the scheme was not fit for purpose and did not meet the required standards. As such the system had to be replaced.

3.8 During the refurbishment work it was also identified that there was space within the scheme to create a secure storage facility to store clients belongings. As the Council has a duty to protect belongings this was creating additional budget pressures in terms of commercial storage units. As such the works were included post completion to create the additional secure storage facility within Bellegrove in order to provide storage facilities without the added cost of commercial storage arrangements.

3.9 The table below sets out the final costs for the refurbishment of Bellegrove:

Refurbishment total costs

Estimated cost	400,000
Final cost against specification	407,073
Additional work required to replace fire Alarm	49,000

Total costs of capital works	456,073
Revenue costs during refurbishment Council tax/utilities	5,245
Loss of market income adj.	3,905
additional security during snagging	4,400
	13,550
Total revenue and capital	469,623
additional work to create storage space	19,365
Total	488,988

Business Case:

- 3.10 Based upon estimated running costs the scheme was designed to cover the annual management and maintenance costs through the rental stream able to be charged to those homeless households placed into Bellegrove, with a surplus of £70,000 to be able to be held to offset administration costs and any additional structural repairs or maintenance that may be required during the operation life of the scheme.
- 3.11 The business case also considered the reduction in cost pressures that could be achieved as a result of not incurring the cost of nightly paid placements for those households placed at Bellegrove.
- 3.12 The summary of the initial business case is set out below. The figure for savings against the cost of nightly paid accommodation was based upon the actual average net cost to the Council for nightly paid placements as at January 2013.

<u>Bellegrove Financial Model - 2013</u>	£
Surplus between rental income and management/maintenance costs	£70,300
Savings against comparative night paid accommodation costs	£175,700
Total	<u>£246,000</u>

- 3.13 The refurbishment work was completed in October 2013 in line with the works specification and schedule with full occupation achieved by December 2013.

Summary of operational performance :

- 3.14 172 households were assisted with temporary accommodation at Bellegrove between October 2013 and July 2015. These households comprised of 191 adults and 141 children.

3.15 The table below provides a summary of the key occupancy figures to date:

Average occupancy: Households	55
Average length of Stay	4 Months
Longest Stay	14 Months
Average void turnaround	1 Day

3.16 The above shows that full occupancy has been consistently achieved, with an average length of stay of 4 months before move-on accommodation can be secured. The length of stay will however vary depending on the specific household circumstances and longer term housing needs. It must be noted that due to the current pressures around homelessness and accommodation supply, the average length of stay is increasing.

3.17 The managing agents have consistently adhered to the service level contract and have worked closely with a range of local organisations to ensure that residents are supported and able to access relevant services. This has includes, health visitors, GPs, local police, the library and Cotmandene learning shop. Initial introductions were made to all local residents together with how to contact should they have any concerns about Bellegrove.

3.18 The scheme has been generally well received and has not been the subject of any formal complaints. It has been visited by a number of ward councillors and Jo Johnson MP with positive feedback from all inspections. Comments have included praise for the cleanliness, quietness and professional levels of management demonstrated at the scheme.

Summary of Financial Outturn:

3.19 The table below shows the financial outturn for 2014/15. This demonstrates that the business case has been met with the rental debits raised covering the management and maintenance costs incurred, leaving a £70,000 surplus towards administrative costs and any subsequent capital repairs.

3.20 the net saving regarding to comparative cost of alternative temporary accommodation relates to the cost that the Council would have incurred if Bellegrove had not been available meaning that the statutory housing duty would have had to be met through the provision of nightly paid placements. The figures are based on the actual average nightly paid cost incurred by the Council during 2014/15. Colum 1 compares the cost to the actual size accommodation required by the households placed during this time at Bellegrove, whilst column 2 compares the cost of nightly paid accommodation at the minimum legal level for the households placed. In general these would be smaller than the actual bedsize required and only able to be used on a very short term basis.

	Refurbishment total costs	
Estimated cost		£400,000
Final cost against specification		£407,073
Additional work required to replace fire Alarm		£49,000
	Total costs of capital works	£456,072

Revenue costs during refurbishment	
Council	
tax/utilities	£5,245
Loss of market income adj.	£3,905
additional security during snagging	£4,400
	£13,550
Total revenue+capital	£469,623
additional work to create storage space	£19,365
Total	£488,988

3.21 Based upon occupancy levels for the first part of 2015/16 against the average costs of alternative provision the savings figure based upon the minimum alternative provision for 2016/17 is estimated to increase by a further £24K for the full year to £270k.

Conclusions

3.22 Bellegrove provides much need local accommodation to meet statutory housing provisions. The scheme does achieve a saving against the current cost pressures faced to meet statutory housing need in Bromley. The overall level of savings will move dependent upon rental incomes and who is being placed and when, but overall the level of occupancy achieved and increasing cost of nightly paid accommodation means that the scheme is consistently overachieving against the savings set out in the original business case.

4. POLICY IMPLICATIONS

4.1 The Council has a published homelessness strategy which sets out the approved strategic policy in terms of homelessness. This includes temporary accommodation provision and reducing any reliance on nightly paid accommodation. The Council already works with a number of providers for the provision of temporary accommodation including a current leasing scheme contract with Orchard & Shipman.

5. FINANCIAL IMPLICATIONS

5.1 The provision of temporary accommodation is a high-risk budget area. This project forms one of a number of key actions identified to reduce the overall cost pressure being faced. The financial implications are considered within the body of this report.

6. LEGAL IMPLICATIONS

6.1 All local authorities have a statutory duty under the Housing Act part VII (as amended by the Homelessness Act 2002) to secure suitable temporary accommodation for priority homeless households.

6.2 Failure to meet these statutory duties due to lack of, or inappropriate temporary accommodation presents significantly increased risk of costly legal challenge and Judicial Review, involving powers not only to order the acquisition of accommodation, but also compensation orders.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	Executive report December 2010: PSL leasing scheme Homeless Strategy 2012 -2017 – Sara Bowrey Executive Report January 2013: reducing temporary accommodation invest to save project (Bellegrove)