

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Tuesday 10th January 2017

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

Title: MANORFIELDS: POST WORKS EVALUATION REPORT

Contact Officer: Sara Bowrey, Assistant Director: Housing
Tel: 020 8313 4013 E-mail: sara.bowrey@bromley.gov.uk

Chief Officer: Assistant Director: Housing (ECHS)

Ward: Borough-wide

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 Manorfields in terms of the refurbishment work and operational performance for Manorfields as temporary accommodation provision for homeless households.
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2. **RECOMMENDATION**

- 2.1 The Care Services Policy Development and Scrutiny Committee is asked to note the contents of this report and comment on the operational performance of Manorfields in meeting the Local Authority's statutory duties for homeless households.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Manorfields assists in meeting the Council's statutory rehousing duties by providing safe and secure local accommodation to meet the needs of those vulnerable households who find themselves homeless through no fault of their own.
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Corporate Policy

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

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Temporary Accommodation
 4. Total current budget for this head: £4,090,070
 5. Source of funding: EC&HS approved 2016/17 revenue budget
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Personnel

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

1. Legal Requirement: Statutory Requirement: Under the provision of the Homeless Legislation The Council has a statutory duty to provide temporary accommodation.
 2. Call-in: Not Applicable: No Executive Decision
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Procurement

1. Summary of Procurement Implications: N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): At the end of November 2016 there were 1,371 households in temporary accommodation of which 831 are in forms of nightly paid provision. Manorfields provides much needed local accommodation to assist the Council in meeting its statutory rehousing duties.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 Following Executive approval in October 2014 and planning permission in June 2016 Manorfields, 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 follow the previously successful model adopted at Bellegrave to provide a relatively speedy good quality alternative to costly nightly paid accommodation (NPA) placements arising from increased statutory homelessness.

Refurbishment:

- 3.3 The report to Executive set out estimated capital costs for the refurbishment project based on the specification of work required to bring the scheme up to the necessary standard for use as temporary accommodation. This estimate was based on the initial inspections able to be undertaken at Manorfields and covered all identified essential work. Due to the nature of the refurbishment works, the estimate could only be indicative at this stage and was therefore subject to the following issues which could all impact upon the final total cost of refurbishment:
- Inflationary uplifts dependent upon timescales between initial quotes and start on site once planning permission granted.
 - Any additional requirements added in the planning recommendation/decision.
 - Any additional works required to heating and electrics, as these could not be fully tested and assessed until after full vacant possession and start on site.
 - A small number of areas unable to be assessed due to the presence of guardians.
 - Whilst works costs were to be fixed against those secured through the Bellegrave tendering, there would be a level of uplift to reflect increased cost of materials for the refurbishment eg: showers, kitchens.
- 3.4 The Executive report confirmed the appointment of Orchard & Shipman to project manage the refurbishment work on behalf of the Council in advance of managing the scheme under the existing accommodation management contract.
- 3.5 The planning application was submitted by Orchard and Shipman's planning consultants on 15th February 2016 following completion of the pre-application consultation phase which commenced in November 2015. The application was then scheduled for consideration at the Development Control Committee held on 9th June 2016, at which planning permission was approved. The planning permission set out a number of additional requirements which had to be added to the initial refurbishment specification.
- 3.6 Arrangements were made by Strategic Property to handover the scheme with vacant possession to Orchard and Shipman on 17th August 2015. At this time the final assessment of works could be completed to confirm the schedule of work and final refurbishment project plan. The refurbishment work commenced immediately.
- 3.7 The refurbishment work was completed within the overall agreed project plan timescales, with the first occupants taking up residence during the week commencing 11th March 2016.
- 3.8 The initial specification for works was completed with little variation to overall costs taking account of the applicable uplifts to reflect current material costs. However there were a number of variations to the specification relating to additional requirements specified in the final planning recommendation and following the full electrical, heating and property inspection which could not be completed until vacant handover in August. On-going negotiations during the refurbishment period sought to secure best value for additional works by obtaining quotes for

each area of additional work required. In September 2015, the Council successfully secured a grant funding contribution from the GLA towards the overall refurbishment works thus reducing the capital funding required for the scheme.

- 3.9 During the refurbishment phase two requests were submitted by local residents for additional work: extra fencing to the side of Manorfields and for the wall at the front of the scheme to be increased in height. These works did not constitute part of the original specification to meet the appropriate temporary accommodation standards or additional works required of the planning permission. However in consultation with local residents and the Care Services Portfolio, the Chief Executive authorised these additional works to be carried out after the initial refurbishment had been completed.
- 3.10 Once work completed it became apparent that due to the time the property had been vacant there were a number of blocked drains across the site. In order to avoid ongoing problems it was agreed to have all drains cleared and checked at this stage with a proportion of the cost being met by the Council and remainder by Orchard & Shipman. Again this work was outside of the specification for refurbishment works.

3.11 The table below sets out the final costs including variations for the refurbishment of Manorfields:

Manorfields: Refurbishment Final Outturn

Works Contract Sum estimate, prior to planning permission or vacant inspection.	£608,777
Savings Identified	£44,957
Revised Contract Sum estimate	£563,820
 Variations required under planning permission	
Building/Environmental works	£64,957
Additional Secure by Design measures	£49,002
Revised Contract Sum	£677,779
 Variation required following inspections when property was handed over to O&S allowing for vacant full inspection	
Replacement and completed overhaul of boiler and heating system and upgrade of internal doors to meet latest regulatory standards in line with planning/building regulation requirements	£120,523
Revised Contract Sum	£798,302
Final Outturn	£800,514
GLA grant received	£430,564
Final Outturn: for cost of refurbishment	£369,950
 Works identified after refurbishment outside the scope of the specification	
Contribution to unblock drains	£3,630
additional fencing at residents requests	£3,703
Heightening the wall at residents requests	£7,333
Total	£14,666
Final outturn including additional works	£384,616

Business case:

- 3.12 Based upon the 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 Manorfields. Any small surplus is to be held as a contingency to offset potential structural repair or maintenance obligations for the Council as the landlord for Manorfields.
- 3.13 The business case also considered the reduction in cost pressures that could be achieved as a result of not incurring the cost of NPA for those households placed at Manorfields.
- 3.14 The summary of the initial business case is set out below. The figure for estimated savings against the cost of NPA was based upon the actual average net cost to the Council for NPA at the time of the Executive report.

Saving of B & B Placements

	<u>No. of units</u>	<u>Weekly cost</u> <u>(net of subsidy)</u>	<u>Annual</u> <u>Cost</u>
		<u>£</u>	<u>£</u>
Studio	9	584.19	30,378
1 bed	11	1187.34	61,742
2 Bed	19	2397.42	124,666
3 Bed	5	887.95	46,173
	<u>44</u>		<u>262,959</u>

Alternative Accommodation at Manorfields

Costs

Management fee	93,600
Staffing	56,643
Arrears/bad debts	37,496
Maintenance/utilities, etc	<u>131,166</u>
	318,905
Income generated from Hosuing Benefit and other minor income	<u>378,270</u>
	<u>59,365</u>
<u>Revenue saving to LBB per annum</u>	<u>322,324</u>

- 3.15 A phased letting plan was implemented during March 2016 and April with full occupancy being maintained since this time.
- 3.16 The net saving regarding the comparative cost of alternative temporary accommodation relates to the cost that the Council would have incurred if Manorfields had not been available meaning

that the statutory housing duty would have had to be met through the provision of NPA. The figures are based on the current actual average NPA cost.

3.17 The table below shows the operational performance to date. As rooms can be flexibly used there can be a level of variation in overall income. However the performance to date showing current room configurations demonstrates a saving of £338,682 against the comparative cost of NPA provision. Rents collection is in line with the contract requirements, consistently achieving above a 97% overall collection rate since full occupancy was achieved, with all systems in place to ensure that The Council is not facing any rental shortfall liability from this area. This means that the rental stream covers the management costs with a small contingency towards administration costs and any potential maintenance and repairs falling to the Council as the landlord for Manorfields. The savings against nightly paid accommodation, together with the contingency sum provide an annual figure of £370,096. The scheme has therefore exceeded the financial savings set out in the original business case by £48,000. This is due in the main to the continuing upward trend in NPA costs and also the level of occupation able to be achieved within the parameters set in the planning permission.

Estimated Saving From the Use of Manorfield (Based on 50 Units)

<u>Accommodation Type</u>	<u>Number of Units</u>	<u>Annual Average Cost of TA</u>	<u>Annual Average HB Cont.</u>	<u>Annual Average Net Cost</u>	<u>Revenue Saving to LBB</u>
1 Bed	9	14,783	-9,619	5,163	46,470
2 Bed	37	18,006	-11,056	6,950	257,155
3 Bed	4	20,916	-12,152	8,764	35,057
Total	<u>50</u>				<u>338,682</u>

Costs

O&S Management Fees /staffing/repairs/arrears/bad debt	378,071
Void Provision contingency	8,357
	<u>386,428</u>

<u>Accommodation Income Type</u>	<u>Number of Units</u>	<u>Weekly Income Per Unit</u>	<u>Weeks in a Year</u>	<u>Income To be Collected</u>	
1 Bed	1	180	52.14	9,390	
2 Bed	2	211	52.14	22,037	
3 Bed	1	247	52.14	12,858	
Shared	46	156	52.14	373,557	
Total	<u>50</u>				<u>417,842</u>
					<u>31,414</u>
Revenue Saving to LBB per annum					<u><u>370,096</u></u>

Summary of Operational Performance:

3.18 76 households have been provided with temporary accommodation at Manorfields between March and the end of November 2016. In total these households comprised of 83 adults and 84 children. This has saved 14,838 nights in nightly paid accommodation.

3.19 The average time for a unit to become available for letting when a resident moves on is 1 day. Full occupancy has been consistently achieved, with an overall average length of stay of 152 days across all placements including the longer term self-contained flats before move-on can be

secured. The length of stay however will vary significantly depending on the specific household circumstances and longer term housing needs. It must be noted that due to current pressures around homelessness and accommodation supply, the average length of stay is increasing across all forms of temporary accommodation.

- 3.20 The managing agents, Orchard & Shipman have consistently adhered to the service specification and terms of the contract. They have worked closely with a range of local organisations to ensure that residents are supported and able to access relevant services. This includes health visitors, GPS, local police, the library and local community groups.
- 3.21 Initial introductions were made to all local residents together with contact details should local residents have any enquiries or concerns.
- 3.22 Orchard & Shipman have proactively managed the scheme ensuring high standards of cleanliness are maintained as evidenced through the regular spot visits and have also ensured robust adherence to the licence agreements issued to residents and accompanying 'house rules'.

Resident Consultation and involvement:

- 3.23 Initial visits were held with ward councillors, the Care Services Portfolio Holder and representatives of the AAAG local residents association.
- 3.24 Despite a number of initial concerns, there have been only a very small number of complaints relating to Manorfields, All issues which have been responded to promptly. There have not been any incidents of a serious nature and there have been no recent incidents or complaints.
- 3.25 Meetings have been held with representatives of the AAAG, the Chief Executive, Director of Corporate Services and Assistant Director of Housing, to build good relations and ensure that any concerns or difficulties are immediately addressed. From 2017, quarterly meetings will be held locally with local residents and representatives from Bromley Housing and Orchard and Shipman. A summary of the main areas raised and the responses are set out in appendix A of this report.
- 3.26 Overall the scheme has been generally well received by ingoing residents as it offers good quality local accommodation enabling residents to maintain local support networks, employment and schooling.
- 3.27 There have been a number of events held at Manorfields with local community groups including the recent 'Christmas Arts and Crafts Bonanza'. This was well attended by residents of Manorfields and members of the local community. One attendee said 'It was wonderful to see families being included and welcomed by the local community'

Audit Report:

- 3.28 Internal Audit were asked to review the Manorfields capital project. This review was completed and reported to the July meeting Audit sub-committee. An updated was then provided to the Audit-Sub Committee held on 29th November as follows:
- 3.29 As a result of the audit findings, a number of recommendations were made relating to retention of documents (which we have classified as a priority one recommendation); compliance with Contract Procedure Rules and Financial Regulations (which we have classified as a priority one recommendation); the need to have formal contracts in place for capital works setting out roles

and responsibilities, service delivery, variations etc; a full reconciliation of the Manorfields project to be completed; and consider utilising the in house Building Control team for capital works.

- a. In respect of retention of documents Internal Audit have treated this as a general issue as it has been a problem in some of the other contracts that have been audited. The following actions are being taken:
- Awareness of the need to retain documents through a training package 'Audit Controls' that has recently been launched and available to all officers. This includes a slide on documentation retention.
 - A report to members of the Contract Sub Committee in August 2016 specifically highlighting this as a problem, the report subsequently went to E& R PDS.
 - A report on Contract Monitoring and Contract Management arrangements prepared by the Director of Commissioning Services that includes document availability to be discussed at the Corporate Leadership Team (CLT).
 - Given the above actions to promote awareness at officer and member level and referral to CLT, Internal Audit consider that this recommendation has been addressed. However, this will be tested when further contracts are reviewed.
- b. The second recommendation was in respect of compliance with Contract Procedure Rules – whilst the same actions taken as indicated above also apply to this recommendation, the monitoring of the final account for this work has still not been completed to management's satisfaction and therefore this recommendation has been kept open until it is completed and also reviewed by Internal Audit.

3.30 The final account for this work has now been completed and will be submitted to Audit for sign off.

3.31 The GLA have also now completed their audit of the scheme refurbishment works in respect of the grant funding contribution. The GLA have confirmed that the audit assessment has been passed, satisfying all requirements. There are no recommendations arising from this audit.

Conclusions on operational performance:

3.32 Manorfields provides much need local accommodation to meet statutory housing provisions. The scheme does provide cost effective temporary accommodation against the alternative of NPA placements thus helping to mitigate the current cost pressures being faced in meeting the Council's statutory duties in relation to homelessness. The overall level of savings will move dependent upon rental incomes and occupation configuration at any one time, but overall the level of occupancy achieved and increasing cost of NPA provision means that the scheme is consistently overachieving against the net savings set out in the original business case.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 There is no direct impact on vulnerable adults and children arising directly from the contents of this report. However the provision of temporary accommodation at Manorfields provides local good quality, safe accommodation for homeless households enabling them to maintain family and support networks, access health, schooling, education and employment.

4.2 The scheme also offers wider supporting in terms of access to training and employment to help families and vulnerable adults build their resilience to prevent the risk of finding themselves homeless in the future.

5. POLICY IMPLICATIONS

- 5.1 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 the reliance on NPA. The Council also has a detailed temporary accommodation procurement and placements policy to ensure that it complies with its statutory duties in this area.

6. FINANCIAL IMPLICATIONS

- 6.1 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.

7. LEGAL IMPLICATIONS

- 7.1 All local authorities have a statutory duty under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) to secure suitable temporary accommodation for priority homeless households
- 7.2 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 order the acquisition of accommodation, but also compensation orders.
- 7.3 The Manorfields scheme complies with statutory regulations and council policy for provision of temporary accommodation by providing costs effective local provision to meet homelessness duties.

Non-Applicable Sections:	Personnel procurement
Background Documents: (Access via Contact Officer)	Executive Report October 2014 Executive Gateway Report - Temporary Accommodation January 2016 Homelessness Strategy 2012-2017 Executive Contingency drawdown report – October 2016