

**Decision Maker:** EXECUTIVE

**Date:** 10<sup>th</sup> January 2018

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

**Title:** UPDATE ON BANBURY HOUSE FEASIBILITY STUDY FOR USE AS TEMPORARY ACCOMMODATION

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

**Chief Officer:** Director: Housing (ECHS)

**Ward:** Chislehurst

---

1. Reason for report

1.1 This report provides an update on the feasibility assessment undertaken in respect of Banbury House for refurbishment and use as temporary accommodation to meet statutory housing need.

---

2. RECOMMENDATION(S)

2.1 Members of the E&R PDS are asked to note and comment on the contents of this report.

2.2 Members of the Executive are asked to:

- (a) Note the outcome of the feasibility assessment for use of Banbury House as temporary accommodation and decision not to proceed with refurbishment as this does not offer an economically viable scheme and demonstrate best use of the site.
- (b) Approve demolition of the existing building to ensure the site is secured and prepared for future use to maximise future development opportunities.
- (c) Authorise officers to complete a final feasibility options appraisal to be reported back in May for decision on future use of the site to meet housing need or for methods for marketing and disposal of the site to secure best value.
- (d) Agree the estimated cost of £166k be added to the Council's Capital Programme for demolition and site preparation. This sum will be funded from any future sale proceeds, or added to any future capital scheme for alternative use of the site.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

## Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority:: Excellent Council
- 

## Financial

1. Cost of proposal: £166k: capital cost to demolish the existing building and prepare the site for future use.
  2. Ongoing costs: Non-Recurring Cost:
  3. Budget head/performance centre: n/a
  4. Total current budget for this head: nil
  5. Source of funding: Capital Programme
- 

## Personnel

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

## Legal

1. Legal Requirement:
  2. Call-in: Applicable:
- 

## Procurement

1. Summary of Procurement Implications:
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
- 

## Ward Councillor Views

Have Ward Councillors been asked for comments? Ward Members have been updated on the proposals contained within this report and will be fully consulted during the process to agree final recommendation for future use.

1. Summary of Ward Councillors comments: Ward Councillors have been updated on the recommendations contained within this report. Full consultation will be undertaken with ward councillors in relation to any decision for disposal or future redevelopment of the site.

### **3. COMMENTARY**

#### **Feasibility assessment for use of the existing building as temporary accommodation:**

- 3.1 In light of the growing pressures in relation to homelessness and temporary accommodation Members requested that a feasibility study was undertaken for the potential to refurbish the decommissioned residential care home, Banbury House for use as temporary accommodation.
- 3.2 The feasibility study undertaken by Amey has extensively explored all options to maximise the number of units that can be obtained from the existing building meeting basic required standards for temporary accommodation provision. This has included options to convert communal areas into additional units and create interconnecting rooms to maximise flexibility and space available.
- 3.3 The full feasibility study has now been received from Amey which confirms that the building can be converted to achieve a maximum of 29 shared units. Unit sizes would be relatively small and thus only able to accommodate single households, couples or small families comprising one adult and one young child.
- 3.4 The cost of the refurbishment work would be £729k plus the costs associated with the planning application.
- 3.5 Based upon the current average net costs this would provide an annual savings against the current cost of nightly paid accommodation in the region of £203k.
- 3.6 Schemes of this nature do however require far more intensive management and on-site presence than self-contained accommodation and also have higher costs in relation to turnover, security and communal areas. Whilst the principle of such schemes are to enable all running costs to be met through the rental stream, given the small number of units achievable within the existing building at Banbury House, this could not be achieved
- 3.7 Looking to existing schemes in operation and apportioning costs down to this smaller site, together with the potential loss of income arising from changes to housing benefit limits on shared accommodation rates there is a further risk that the shortfall between running costs and rental stream could be in the region of £100k per year, thus reducing the overall net saving to around £103k per annum. This shortfall in management costs would be likely to increase in future years as management costs rise and benefit levels are frozen thus restricting the rental stream.
- 3.8 Thus whilst the scheme would provide additional local provision, its use would be somewhat restrictive given the unit size. The net annual saving would be relatively small and payback for capital investment would take in excess of 7 years. Consideration could be given the increasing numbers through a small number of additional modular constructed units on the site but the physical layout of the site and exiting building would limit capacity for additional units.
- 3.9 As such this proposal would not realise the best use of this land and officers therefore recommend that this option is not pursued.

#### **The Proposal:**

- 3.10 The site has been vacant for some time and there is concern regarding the ongoing risks of vandalism and need to keep the site secure. Regrettably the property has become a target for vandals despite numerous works to secure the property. Local residents and the Neighbourhood Police Team have raised concerns as to the sites detrimental impact on adjoining community.

- 3.11 In addition any future use of the site would require demolition of the existing building and basic clearance of the site for redevelopment.
- 3.12 Demolition and basic preparation of the site for future will cost approximately £166k. It is recommended that officers approve expenditure for the demolition to progress. This would increase the attractiveness of the site for future development to maximise future proceeds and the cost can be offset against the proceeds from future use.
- 3.13 The site encompasses a 0.71 acre plot which offers a number of opportunities for redevelopment.
- 3.14 The site could be used for provision of residential homes to increase supply and access to accommodation in the borough to provide much needed accommodation to address pressing housing need but providing a better standard of residential accommodation with a higher level of self-contained family sized homes which would better meet needs, provide a more attractive housing model and offer an improved financial return than refurbishment of the existing building.
- 3.15 The option of disposal remains. However demolition of the existing building and disposal with planning permission is likely to secure a higher value receipt from disposal.
- 3.16 As such it is recommended that officers are tasked to undertaken a final options appraisal to be reported back in May that sets out the business case for either reuse of the site for alternative housing provision or disposal. If disposal is recommended this would include the options for preparing and marketing the site to gain best value, In both cases full timescales will be set out for consideration.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

No direct impact at this stage. However the provision of additional residential accommodation in the future will provide suitable, safe local accommodation to meet housing need. enabling the Council to meet its statutory housing obligations and to safeguard and protect those that are most vulnerable.

#### **5. POLICY IMPLICATIONS**

- 5.1 The Council's aims include being a local authority which manages its assets well.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 This report is seeking approval for the addition of £166k to the Capital Programme on the basis that this will reduce the risk and associated cost of securing the site and making it attractive for future use. The cost of doing so will be funded from any future disposal proceeds, or added to any subsequent capital scheme for alternative use of the site.
- 6.2 The options appraisal will explore the options for future use of the site to ensure that best use can be made of the site to either meet pressing housing need or secure best value in disposal.
- 6.3 Should a decision be made to dispose of the site, it is currently estimated that the capital receipt could be around £3.5m.

#### **7. LEGAL IMPLICATIONS**

- 7.1 Section 123 of the Local Government Act 1972 requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease of 7 years

or less) unless it has the benefit of an express or general consent of the Secretary of state. Marketing a property is the usual method of ensuring compliance with this requirement.

**8. PROCUREMENT IMPLICATIONS**

- 91. None directly arising from this report. Demolition work if agreed will be undertaken through the existing Amey contract.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	.