

**Decision Maker:** EXECUTIVE COUNCIL

For pre decision scrutiny by the Executive, Resources and Contracts Policy, Development and Scrutiny Committee on 30 July 2019

**Date:** Executive – 2 August 2019 Council –TBC

**Decision Type:** Non Urgent Council Key

**Title:** AWARD OF CONTRACT: PROVISION OF HOUSING IN BURNT ASH LANE

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**Chief Officer:** Colin Brand, Director of Regeneration  
Sara Bowrey, Director of Housing

**Ward:** Plaistow and Sundridge

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## 1. Reason for report

- 1.1 This report sets out recommendations for the approval of a Capital Scheme for the design and construction of up to 25 residential units in a car park behind Burnt Ash Lane, off of Brindley Way, Bromley.
  - 1.2 In addition the report seeks approval to utilise the LHC, NH2 Framework for a direct contract award permitted under the Framework.
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## 2. RECOMMENDATION(S)

The Executive, Resources and Contracts PDS Committee are asked to:

- 2.1 Note and comment on the content of this report:
- 2.2 Recommend that Executive request that Council approve the addition of £3,786k to the Capital Programme funded from Section 106 contributions (£500k) and the Investment Fund earmarked reserve (£3,286k) for the provision of up to 25 residential units for the provision of housing for the purposes of temporary accommodation on the site known as Burnt Ash Lane car park.
- 2.3 Recommend that Executive Approve a direct contract award to Lesko Modular Housing, using the LHC, NH2 Framework, for a design and build of housing at the site, as set out in para 4 of this report.

- 2.4 Recommend that Executive Approve the concept design for the proposed scheme, noting that any proposed plans will be subject to planning permission and public consultation.

**Subject to the approval recommendations 2.2-2.4, two further additional recommendations are made:**

- 2.5 Recommend that the Executive approve for Officers to apply for Planning permission based on the proposed design.
- 2.6 Recommend that Executive approve the appropriation of land at the site known as Burnt Ash Lane Car Park from its current purpose to the purpose of housing land held under the general fund in accordance with section 122 of the Local Government Act 1972.

## Corporate Policy

1. Policy Status: Existing Policy: Further Details
  2. BBB Priority: Excellent Council Supporting Independence:
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## Financial

1. Cost of proposal: Estimated Cost: £3,786k
  2. Ongoing costs: Estimated net savings of £214k p.a.
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head; N/A
  5. Source of funding: Section 106 contributions, Investment Fund (£15.8m uncommitted balance as at 22<sup>nd</sup> July 2019)
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## Staff

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

## Legal

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

## Customer Impact

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

## Ward Councillor Views

1. Have Ward Councillors been asked for comments?

Summary of Ward Councillor's comments: A meeting with Ward Councillors has been held in relation to these recommendations. Ward Members are supportive of the recommendations being made.

Local residents have also been invited to view the modular home currently on site at the civic centre.

Statutory Public Consultation will take place if a planning submission is made.

### **3. BACKGROUND**

- 3.1. Like most London boroughs one of the most significant long term cost pressures is the impact of welfare reform and homelessness. This includes the new cost of implementing the increased responsibilities under the Homelessness Reduction Act 2017, which came into effect on 3 April 2018.
- 3.2. Current predictions show cost pressures rising to around an additional £4m per annum by 2022/23 compared to the 2019/20 budget to fulfil statutory duties in relation to homeless and the provision of temporary accommodation.
- 3.3. There are currently 1,590 households in Temporary Accommodation (TA), of which 994 are in secure costly forms of nightly paid TA. On average the current increase in TA numbers is around 15 per month; however, this is likely to increase as the Universal Credit roll out starts to impact. The level of housing need in Bromley is wider than just this too, as there is insufficient affordable housing to meet the current and emerging housing need.
- 3.4. Whilst there will always be a need to make use of Temporary Accommodation for those householders under assessment; with supply so limited this has resulted in the need to procure costly nightly paid accommodation to meet statutory rehousing duties. The current average costs for nightly paid placements for Temporary Accommodation are set out in section 11 below.
- 3.5. The Council does not currently have a Housing Revenue Account (HRA), so developing General Needs housing is not an option. The focus has therefore been on developing Temporary Housing supply that could, if of appropriate build quality become General Needs Housing in the future.
- 3.6. In November 2018, the Director of Housing presented a report to the Executive, outlining various options to increase housing supply, as well as mitigations to reduce the spend on expensive nightly paid Temporary Accommodation.
- 3.7. One of the workstreams approved was the utilisation of existing Council owned sites for potential housing development. In March 2019, officers started to review a number of car park and other smaller sites, including Burnt Ash Lane car park.
- 3.8. Burnt Ash Lane car park is directly next to an existing car park owned by Waitrose. The car park is not currently a pay and display and so there is no risk of loss of income. The car park however, does offer parking facilities which support the local traders as well as the local allotments. Usage data has revealed that the car park operates below its current capacity. Maintaining some public parking is therefore a key prerequisite of any housing development on the site, but presents opportunities to maximise the use of the land.
- 3.9. The following requirements are being sought in the proposed of the car park site:

- Maintain an appropriate level of public parking
- Create an aspirational place to live in terms of housing but also public realm
- Create an environmentally friendly and energy efficient development that makes it an affordable place for people to live, but also move on from
- A regenerative approach to the site, which adds value for local people and the community
- Considers local traders, and how the development can improve the footfall for local traders
- A robust housing management that promotes community cohesion.
- A development that will enhance security in the area.

3.10 Similar to other small site developments, officers have directed research towards off-site modular construction options to meet the requirements set out above, but in the swiftest timescale, given the increasing need. This form of construction can significantly reduce the speed at which the residential units can be developed as ground works and offsite construction can happen simultaneously.

#### **4 RECOMMENDATION(S)**

4.1 Having concluded the market research, officers are recommending the use of the LHC, NH2 Framework (formerly known as the London Housing consortium), NH2 – New Homes. Whilst there is no direct cost to utilising the framework, there is 1% (included in the costs of the provider) for the framework management. LHC is a subsidiary of the London Borough of Hillingdon.

4.2 The framework has a number of providers that officers have engaged with throughout soft market engagement for other sites, however, officers are seeking permission for a direct award to Lesko Modular Homes for this particular site, for the purchase of 25 Zed Pod residential units, based on the following:

- The Council is seeking a development that is energy efficient and sustainable, and offers a solution that will support lower utility costs for residents, enabling the Council the opportunity to establish an innovation fund to support 'move on' for residents.
- That the provider can deliver the new homes within the agreed timescale, subject to planning permission.
- That the provider will deliver a scheme in line with the high level specification setting out the quality of scheme desired.

- That the developer can offer 25 residential units with adequate parking for residents, whilst sustaining public provision, not less than 60% of the current provision, and in line with usage.

4.3 There are some significant benefits to procuring through a framework:

- Initial OJEU has been conducted, and this significantly reduces the procurement time, and therefore cost
- The providers on the framework have already supplied initial costs that have been scrutinised for best value as well as provider deliverability and quality.
- The Council benefits from the scale of business put through the framework, which is country wide, and beyond any scale the Council is likely to achieve alone.

4.4 The proposed development would secure a full turnkey solution, including site preparation, all construction and basic fit out of units (as determined by the specification). Therefore it will also be essential that the housing management provider is also secured and ready to operate the residential units as soon as they are available.

4.5 This development would ensure, as a minimum, the following design principles:

- A development in line with the Local Plan.
- A modular development that is not utilising shipping containers.
- An agreed design with the Council, i.e. facing options that are sympathetic to the local surroundings (see Appendix 1).
- Housing that meets the London Housing Standards.
- Housing that is both efficient in terms of build, but also in terms of long term stability for those living there.
- A range of 1 and 2 bedroom apartments, each suitable for between 2 and up to 4 people.
- Environmentally friendly design, that reduces the ongoing cost of utilities to enable the Council to establish a 'sinking fund' that can contribute towards the upkeep of an aspirational site, as well have the potential to operate an incentive fund for residents, to support moving on costs etc.

4.6 A proposed design for the scheme is included in Appendix 1.

- 4.7 Whilst the proposed site will not be significantly high, given the sensitivities that have arisen around fire safety of developments, key fire safety information has been sought from the design and manufacturing team.
- 4.8 Given the housing crisis, the increasing number of residents having to utilise temporary accommodation and the ongoing pressures on budgets, the recommendation in this report is to:
- 4.8a In discussion, with Procurement and colleagues in Housing, Officers are recommending that the Council utilise the LHC (Formerly known as the London Housing consortium), NH2 – New Homes framework to for a direct award. LHC is a subsidiary of the London Borough of Hillingdon.
- 4.8b Agree the addition of £3,786k to the Capital Programme funded from Section 106 contributions (£500k) and the Investment Fund earmarked reserve (£3,286k).
- 4.9 A full breakdown of the finances for the proposed contract award are provided in the Part 2 report of the same name. If Members agree to the recommendation as set out, officers will proceed to work through the framework to assure themselves of the requirements being met.

## **6. STAKEHOLDER ENGAGEMENT**

- 6.1 Any agreed proposals would be subject to planning permission and a statutory period of public consultation. Ward Members have been briefed about the proposals and local residents have been sent a courtesy letter.

## **7. PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS**

- 7.3 Proposed Contract Period – completion of a Full Design and Build Programme.

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

- 8.1 The proposed recommendations support children and vulnerable people through the provision of housing supply.

## **9. POLICY CONSIDERATIONS**

- 9.1 The Council has a published a Homelessness Strategy which sets out the approved strategic policy in terms of homelessness. This includes the increased provision of temporary accommodation and reducing the reliance on nightly paid accommodation.

## **10. PROCUREMENT RULES**

- 10.1 This report recommends for the Executive to agree to award a contract at a value of £3.8m via direct award using the New Homes 2 framework.

- 10.2 In accordance with Clause 3.5 of the Contract Procedure Rules, the Head of Procurement has been consulted regarding the use of the Framework.
- 10.3 The Council has been properly included on the contract award notice.
- 10.4 For the requirements set out above, the method of direct award or further competition can be used under the terms of the framework. Direct award is permissible with the following conditions:
- As stated in 4.2 above, the rationale for awarding is on the basis that the supplier could provide the most energy efficient solution.
  - That the terms for the project are sufficiently covered in the framework documentation.
  - That the award is on the basis of weightings set out by LHC in setting up the framework.
- 10.5 Following award, the relevant award notices will need to be published.
- 10.6 The Council's Contract Procedure rules require the following for authorising an award via a framework for a contract of this value; the Approval of the Executive following Agreement by the Chief Officer, the Assistant Director of Governance and Contracts, the Director of Corporate Services, the Director of Finance, and the Portfolio Holder must be obtained.

## **11. FINANCIAL CONSIDERATIONS**

- 11.1 The total cost of the scheme is estimated to be £3,786k, and it is proposed that this is funded from Section 106 contributions (£500k) and the Investment Fund earmarked reserve (£3,286k).
- 11.2 The proposed scheme will achieve estimated savings of £214k per annum, and net benefit to the Council of £2,777k over 25 years after capital expenditure,
- 11.3 Please refer to the Part 2 report of the same name for full details of the financial considerations.

## **12 PERSONNEL CONSIDERATIONS**

- 12.1 There are no LBB staff implications for the recommendations

## **13. LEGAL CONSIDERATIONS**

- 13.1 The Housing Act 1996, Part 7 (as amended) sets out the Council's statutory homelessness duties, including the duty to provide temporary accommodation for certain classes of people and in certain circumstances.
- 13.2 The Council can rely on Part 7 of the Housing Act 1996 to provide temporary accommodation together with the general power of competence in section 1 Localism Act 2011. Accommodation made available under Part 7 of the

Housing Act 1996 strictly as provided by Schedule 1 of the Housing Act 1985, will not be a secure tenancy or license.

- 13.3 The demand for homeless accommodation has continued to increase following the implementation of the Homeless Reduction Act 2018, as the duties towards homeless households are expanded. The Council must make decisions in accordance with the law and also in accordance with its fiduciary duty to its tax payers in using Council resources. The report explains the benefits including the financial benefits that must be properly weighed up and considered before taking the decisions set out in the recommendations.
- 13.4 Officers have explained elsewhere in this report that the use of the site solely as a car park is no longer required as acquired and the new use will meet the Councils objectives in relation to the provision of temporary accommodation held under the general fund. The Recommendations therefore provide approval for the appropriation of the known as Burnt Ash Lane Car Park from its current purpose to the purpose of housing land held under the general fund in accordance with section 122 of the Local Government Act 1972.
- 13.5 Under the Public Contract Regulations 2015 (Regulations) the procurement of these works supply and services is a public contract within the meaning of the Regulations. As the value exceeds the relevant threshold under the Regulations the Council would be required to carry out a fully compliant EU Procurement exercise. The Regulations however accept compliance where the Council call-off from an EU compliant framework which is expressed as being available to the Council and is used within the rules set up by the framework. The Council intend to procure from the LHC NH2Framework for the design and build of the houses identified in the report. The section in this report on Procurement Rules provides further detail on work undertaken to show the compliant use of the framework. Officers will need to use the call-off procedure prescribed under the framework and consult with legal services to ensure the terms and conditions of the framework agreement are satisfactory.
- 13.6 The relevant authorisation process in relation to Contract Commissioning Strategy and Proceeding to Procurement under the Council’s Contract Procedure Rules for values over £1M is by way of Executive authorisation in agreement with the Portfolio holder, Chief Officer, Director of Corporate Services and Director of Finance.

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| <b>Non-Applicable Sections:</b>                    | [List non-applicable sections here]            |
| Background Documents: (Access via Contact Officer) | Increasing Housing Supply to Meet Housing Need |
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# APPENDIX 1

## The Site

Burnt Ash Lane, Bromley, BR1 4QT



# Aerial view from southeast



# Aerial view from south



# Aerial view from north



# Aerial view from northwest







## Summary of Information

- 25 Residential Units, broken down as follows:

|                               |    |
|-------------------------------|----|
| 1 bedroom, 2 person, 2 storey | 11 |
| 1 bedroom, 2 person, 1 storey | 1  |
| 2 bedroom, 3 person, 2 storey | 4  |
| 2 bedroom, 4 person, 1 storey | 9  |

- Reduction in car Parking from, 93 spaces to 73 spaces.
- 15 of which will be allocated to the new residential units.