

HARBOROUGH DISTRICT COUNCIL

REPORT TO THE CABINET MEETING OF 6 September 2021

PUBLIC REPORT: Y /-N

EXEMPT REPORT: ~~Y~~/ N

Report Title	4 Roman Way, Market Harborough
KEY DECISION	Y
Report Author	Tom Day, Community Partnerships Manager
Purpose of Report	To update Cabinet on the purchase and redevelopment of 4 Roman Way into temporary accommodation units.
Reason for Decision	To agree a development plan and necessary delegations for the redevelopment of 4 Roman Way.
Portfolio (holder)	Cllr Whelband – Portfolio Holder for Wellbeing, Communities and Housing.
Corporate Priorities	HDC's ' Corporate Plan 2019-2021 ' and the related 'Corporate Delivery Plan 2019-2021' set out the Council's aspirations for the district over the next three years, what its priorities are and how it will deliver them. This contributes to two priorities: PLACE: a safe, enterprising and vibrant place CO 3 <i>Enable delivery of quality homes for all</i> PEOPLE: a healthy, inclusive and empowered community CO 6 Support vulnerable People of all ages.
Financial Implications	The costs of the purchase and redevelopment will be met through approved capital programme which identified £1m to support Housing & Homelessness Schemes in 2021/22 (£400k) and 2022/23 (£600k). Purchase and indicative redevelopment costs total £956k
Risk Management Implications	There is a risk of community concern, particularly from neighbouring properties about this project due to the nature of its use to support homeless households. This will be mitigated through a robust communications and engagement plan. There is a risk that planning will be refused. This will be mitigated through effective pre application discussions with Development Control. There is a risk that the construction costs will not represent best value. This will be mitigated through using the Scape Framework to get the project to planning stage (RIBA 3-4) and then tender for construction (RIBA 5-6).

	There is a risk of cost increases. This will be mitigated through managing this as a major project with associated governance and oversight.
Environmental Implications	The intention is for the new building to support environmental priorities through incorporating energy efficiency and sustainability measures.
Legal Implications	The property has now been acquired by the Council and has been added to the asset register The council is using the SCAPE framework for the design element of the project and will seek tenders for construction which will require legal contracts.
Equality Implications	Although the majority of homeless applicants who we work with are: <ul style="list-style-type: none"> • Male • White British • Heterosexual • Single (no children) • Receiving universal credit There will be flexibility built into the scheme to cater for singles, couples and residents with mobility needs.
Data Protection Implications	There are no data protection implications arising from this report.
Consultation	Consultation has been carried out with Cabinet Members
Options	Do nothing - the Council would continue to rely on the market to provide for temporary accommodation and when needed. Residents would be placed in the best available emergency accommodation (based on size, suitability, cost, quality, location). This would be at significant cost to the Council.
Background Papers	N/A
Recommendation	To note progress in the purchase and redevelopment of 4 Roman Way and use of SCAPE Framework to take the project to planning stage (RIBA 4). To delegate authority to the Corporate Property Officer to procure and award the construction contract in consultation with the Cabinet Member for Finance.

1.0 Introduction

- 1.1 The project is the redevelopment of 4 Roman Way, Market Harborough into Temporary Accommodation units for homeless singles and couples. This project will provide a high quality, local solution to meeting the Council's duties whilst also making a revenue saving by offering an alternative to bed and breakfast.

2.0 Key Facts

- 2.1 The property 4 Roman Way, Market Harborough was recently acquired by the Council and is currently a dilapidated residential house with planning permission to convert to offices. It is ideally located next to the Council Offices to enable close management and support and is large enough to fit a viable housing scheme, subject to planning.
- 2.2 The proposal is to create a Temporary Accommodation property consisting of 8 en-suite rooms, a shared kitchen laundry room and ancillary office and storage space. There will be flexibility built into the scheme to also cater for couples or those with mobility needs.
- 2.3 The project has been developed because of a significant increase in homeless applications in the last 3 years, a situation mirrored nationwide. This has been due to social and economic pressures along with changes brought about by the Homelessness Reduction Act 2017. Covid-19 has exacerbated this further. See Table1.

Year	2018/19	2019/20	2020/21
Homeless applications	170	306	392
Temporary accommodation cost	£62k	£120k	£129k

- 2.4 There has been a corresponding increase in the need to provide temporary accommodation for a proportion of households eligible for this. In total 108 households required temporary accommodation in 2020/21. The time spent in such accommodation varied from a few days to several weeks.

Households in temp	2020/21			
	Q1	Q2	Q3	Q4
Single Male	22	27	19	21
Single Female	6	5	4	9
Couple	3	2	2	2
Single Female + Children	6	8	5	5
Single Male + Children	2	0	0	0
Couple + Children	2	4	3	2

- 2.5 The council currently owns and manages five properties which are used to provide temporary accommodation.
- 1x2 bed flat in Lutterworth (leased from Platform Housing)
 - 1x2 bed flat at Eden Court, Market Harborough (HDC owned)
 - 2x1 bed flats at Plowmans Yard, Market Harborough (HDC owned)
 - 1x studio flat at Plowmans Yard, Market Harborough (HDC owned)

- 2.6 At full capacity HDC properties can support 1,642 nights of temporary accommodation, assuming a 10% void period. The shortfall of temporary accommodation is commissioned from the private sector in the form of hotel and self-contained accommodation. See Table 3.

Demand for temp in 2020/21 (nights)	HDC capacity	Requirement from private sector
5,522	1,642	3,880

- 2.7 The provision of temporary accommodation is a significant cost to HDC. In 2020/21
- The Gross spend on all temporary accommodation was £216,131.
 - HDC received income from Housing Benefit totalling £89,205.
 - The NET spend was £126,926.
- 2.8 An 8-unit temporary accommodation scheme will provide capacity for 2,628 nights' accommodation which would significantly reduce the requirement to source rooms in the private sector.
- 2.9 A purpose-built temporary accommodation property consisting of en-suite rooms and shared facilities owned and operated by a Local Authority and held outside a Housing Revenue Account attracts a 100% rent subsidy from Housing Benefit. This represents full cost recovery for the Council and an estimated saving of up to £90,000 compared to using Hotels (**Appendix A**).
- 2.10 The next step is to prepare and submit a detailed planning application. This will be carried out through a direct contract via the Scape Framework.
- 2.11 It is proposed that the Corporate Property Officer has delegated responsibility to determine the best process and to award the construction contract. This may be through the Scape Framework or via competitive tender. Indicative capital costs are set out in **Appendix B**.
- 2.12 Overall, the costs associated with the proposed development are higher than the Hotel option but due to the ability of Roman Way to operate on full cost recovery basis the Net Present Value is considerably better than that of the Hotel option. (**Appendix C**)

Appendix A: Potential revenue savings

A key driver for the project is to reduce reliance on Hotels which is the most expensive form of temporary accommodation.

The nightly cost of Hotels is set out in the table below.

Expenditure – nightly		Income
Average nightly Hotel charge 2019/20	£47.63	
Housing Benefit subsidy		-£13.05
Net cost		£34.58
Net cost per week		£242.06
Net cost for 365 nights of accommodation		£12,587.12

Commentary: Each unit of temporary accommodation owned and managed by the Council saves up to £11,328.41. This is based on the above £12,587 annual cost of Hotels minus 10% to allow for void time.

Therefore an 8-unit temporary accommodation units would save up to £90,627.46 per year. (£11,328.41 times 8).

Appendix B Costs

A summary of the indicative capital costs at feasibility stage

Indicative capital costs: 4 Roman Way		
Site purchase price		£265,000
Indicative Construction Costs	229.5m ²	£681,177
Costs excluding finance costs		£946,349
Finance @ 2.15% calculated on 50% of total costs for 52 weeks		£10,173
Total Costs		£956,522

Appendix C Net Present Value

The two options being considered are to either continue using Hotel accommodation or to invest in the Roman Way Development. Looking at the Net Present Value of the future costs of both these options over the next 20 years the results are:

	Annual Cost	Net Present Value (NPV) 20 years
Hotel Accommodation	£ 90,876	£ 1,335,697
4 Roman Way Development	12,940	190,197

Commentary: The costs associated with the Roman Way development are higher than the Hotel option but due to the ability of Roman Way to operate on full cost recovery basis the NPV is considerably better than that of the Hotel option.