

CABINET

20 September 2016

Title: Boundary Road Hostel Refurbishment and Extension Project	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: Gascoigne	Key Decision: Yes
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Accountable Director: John East, Strategic Director of Growth and Homes	
Summary: <p>On 12 June 2015 an application was submitted by the London Borough of Barking and Dagenham to the Greater London Authority (GLA) requesting funding via a scheme operated by the GLA to improve the physical and mental health outcomes for single rough sleepers. The Scheme known as Homeless Change and Platform for Life also aims to provide bed spaces and transitional accommodation for young people. In view of the schemes criteria the Council's application sought to utilize funding to undertake a programme of works within Boundary Road Hostel specifically aimed at renovating the site to achieve best practice for modern hostels and addressing the greater needs of homeless single and disabled residents because the Council has a statutory duty under the Homeless Act 1996 (as amended) to assist applicants presenting as homeless where they are eligible for assistance and in priority need.</p> <p>The application for funding submitted by Barking and Dagenham Council specifically focused upon renovation works to modernize Boundary road Hostel. This is because the Homeless Change and Platform for Life scheme is aimed at assisting single homeless customers, Boundary road Hostel's historical and existing client group meets this requirement. Also, the criteria for funding stipulates that all projects must be completed by October 2017, this timescale greatly influences the options available and scale of works achievable.</p> <p>Following confirmation from the GLA of successful application for funding totaling £656,250 and a further £219,000 of internal funding, the Council's Housing Service have produced a specification of works for the modernization of Boundary Road Hostel. This report seeks the requisite approvals to the procurement proposals outlined. The works are not yet in contract and are required to ensure continuity of delivery to the programme timescale over two financial years.</p>	
Recommendations <p>The Cabinet is recommended to:</p> <p>(i) Agree that the Council proceeds with the procurement of contracts for the</p>	

renovation works to Boundary Road hostel, in accordance with the strategy set out in this report; and

- (ii) Delegate authority to the Strategic Director for Growth and Homes, in consultation with the Cabinet Member for Finance, Growth and Investment, the Strategic Director for Finance and Investment and the Director of Law and Governance, to conduct the procurement and award and enter into the contracts and all other necessary or ancillary agreements with the successful bidder(s) in accordance with the strategy set out in this report.

Reason(s)

The programme aims to contribute to dual Council Priorities of 'Growing the Borough' and 'encouraging civic pride'. The initiative is congruent with the specific Objectives of (i) supporting investment in housing and open spaces to enhance the environment and (ii) helping residents shape their quality of life.

1. Introduction and Background

- 1.1 Boundary Road Hostel is a three storey brick built building with a flat roof built as part of the Gascoigne Estate Redevelopment in the late 1960s. The facility consists of 27 rooms all with shared facilities. The rooms are situated along two corridors in an 'L' shape configuration on the top two floors and one corridor on the ground floor.
- 1.2 Currently the building provides interim emergency accommodation for eligible single applicants. Because the Homeless Change and Platform for Life scheme is aimed at assisting single homeless customers, the application for funding submitted by Barking and Dagenham Council specifically focused upon renovation works to modernize Boundary road Hostel.
- 1.3 The Council currently manages and maintains four council owned hostel sites located throughout the borough. The hostels primarily provide emergency interim accommodation for families to whom the Council has a statutory duty under the Homeless Act 1996 (as amended) to assist.
- 1.4 For the period commencing December 2015 – March 2016, Council owned hostel accommodation provided emergency interim provision for a total of 176 families and eligible single applicants. The intake of customers presenting as homeless during this period totalled 522. Of these, 405 customers were offered interim emergency accommodation pending completion of enquiries.
- 1.5 Where customers are unable to be provided with council owned emergency hostel accommodation, the Council currently utilises private sector Bed and Breakfast provision. The average cost per night of Bed and Breakfast accommodation is £102.25 (£80 net). The net cost implications associated with private sector Bed and Breakfast in the financial year 2015/2016 totalled £1.3m. The budgeted net cost for the current financial year 2016/2017 is £0.32m
- 1.6 In order to continue to reduce both the financial burden upon the Council and improve the demographic of accommodation available to customers it is proposed

Boundary Road Hostel is expanded and modernised to provide an increased number of contemporary units.

2. Boundary Road Refurbishment

- 2.1 The primary objectives to be achieved as a consequence of the renovation works are a combination of value for money within the criteria for funding which stipulates all projects must be completed by October 2017. As such the Council aims to provide modernisation of the site, expansion of the total number of overall units of accommodation available and creation of units capable of accommodating single vulnerable customers as well as customers with physical/mental health disabilities.
- 2.2 The proposals include creating 35 units of accommodation via internal reconfiguration of the building. Floor plans showing the proposed layout will be available at the meeting.
- 2.3 Proposed specification of refurbishment works include-
 - a) Reconfiguration of the sites existing layout to create an additional 8 units of accommodation. It is proposed that the ground floor units of accommodation be designed in accordance with Disability Discrimination Act compliancy standards to provide the capability of accommodating single customers with physical, visual, audio disabilities.
 - b) Improving customer accessibility to the building via amendments to the external entrance doors, lobby doors and corridor doors to the ground floor. Installation of an induction loop located at the buildings reception desk.
 - c) Overhaul of the wall and floor coverings throughout the building and the replacement and modernisation of sanitary ware throughout the building where necessary.
 - d) Replacement and modernisation of food preparation areas where necessary.
 - e) Overhaul and replacement where appropriate of existing corridor, kitchen, bathroom fire doors as well as doors to accommodation in compliance with current fire/ building regulations.
 - f) Installation and commission of a fully addressable fire detection system which will be extended into individual rooms and communal areas throughout the building.
 - g) Installation and commission of an upgraded CCTV system which includes IR dome lens cameras with DVR/ NVR system capabilities to record images and footage to either an internal hard drive or network.
 - h) Installation of the necessary network cabling and conduits to enable at least 1x PC 1x printer and 1x Voip handset to be installed with access to the councils network and to be located within the proposed meeting areas.
- 2.4 In order to provide services that are proactive and which act as a gateway to a wider range of support across education and health the upgrades also include

onsite consulting, interview and training areas to allow both outreach providers to operate clinics beneficial to residents but will also provide residents access to education and development skills critical to ending the cycle of homelessness and poverty

2.5 The table below illustrates the proposed mix of units to be created.

Client type	Unit location	Number of units	+/- Change
Disabled	Ground floor units	08	+4
Single applicant	First floor units	13	+3
Single applicant	Second floor units	14	+1
Total		35	8

3. Proposed Procurement Strategy

3.1 The table below details the proposed procurement route for the Contracts for this project:

Procurement Route	Reason	Other Options Considered
Use of LBBDD's Current Housing Framework Agreement (Single stage tendered using Design and Build JCT contract).	It is recommended this scheme is procured through the Current Housing Framework Agreement to ensure works may commence in 2016/17.	To tender the works outside of the Housing Framework Agreement. This option was discounted due to the additional time required which would affect the delivery programme for the delivery of the refurbishment programme.

3.2 Estimated Contract Value, including the value of any uplift or extension period

The full estimated contract value is £875,250 and this sum has been provided for in the Council's budgets.

3.3 Duration of the contract, including any options for extension

Following completion of procurement, it is anticipated that the project will be completed within nine (9) months

3.4 Recommended procurement procedure and reasons for the recommendation

The refurbishment will be delivered using JCT (D & B) 2011 via the Council's current Housing Construction Framework Agreement. This single stage tender process is suited to this type of refurbishment work and requires the contractor to

assume responsibility for the detail design of all elements of work in line with overall employer's requirements.

3.5 The contract delivery methodology and documentation to be adopted

The projects will be delivered by a project team within the Capital Delivery Unit project management team, in-house architect and Quality inspector with support from external consultants including Principal Designer, Surveyor and Main Contractor to the undertake works.

The procurement route will be as detailed in Section 2.0 of this report and the draft procurement timetable is as set out below:

Work Stage	Timescale
Feasibility study, Surveys and Scoping Options appraisal - presentation and selection	Jun-Aug 2016
Cabinet/ procurement authority	Aug-Sept 2016
Production & Dispatch of Tender	Sept-Oct 2016
Tender Period	Oct 2016
Tender Evaluation	Nov-Dec 2016
Approval & Appointment of Contractor	Dec 2016

3.6 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract

Key financial results and savings

Below is an illustration of the current net annual income for Boundary Road (figure 1), projected costs of the proposed renovation works (figure 2), income projections as a consequence of the proposed works (figure 3) and projected net annual savings to the Council (figure 4).

Figure 1 – Current Boundary Road 2016/17 Income Budget

No. of Units	Days	Rate	Rent Income	Daily Service Charge	Service Charge Income	Maintenance Costs	Total Income
		£	£	£	£	£	£
27	360	28.00	272,200	1.00	9,700	(200,000)	81,900

Figure 2 – Projected Costs for Renovation Project

Direct renovation fees	Security	Fit out costs	IT and telecoms	Consultant fees	Contingency	Total projected costs
£	£	£	£	£	£	£
691,996	48,416	15,000	5,000	16,974	58,277	835,663

Figure 3 below illustrates forecasted income based upon the increased number of units proposed. Total income from the projected opening date (2 October 2017) to the financial year end, after factoring in maintenance costs, equates to £88,100. Net projected income for the following financial year 2018/19 is £162,500.

Figure 3 – Projected Boundary Road Income Budget 2017/18 and 2018/19

Financial year	Units	Days	Rate	Rent Income	Daily Service Charge	Annual Service Charge	Maintenance Costs	Total Income
			£	£	£	£		£
2017-18	35	182	28.00	178,400	1.00	9,700	(100,000)	88,100
2018-19	35	360	28.00	352,800	1.00	9,700	(200,000)	162,500

Figure 4 below illustrates the forecasted net savings to the Council as a consequence of the proposed addition of eight rooms to Boundary Road Hostel as an alternative to procuring the equivalent Bed and Breakfast accommodation within the private sector. Net charges to the Council for eight units of Bed and Breakfast accommodation for the period 02 October 2017 - 31 March 2018 total £76,804.00. Net income generated for the same period for the eight units outlined under the proposals total £17,912.00.

Net savings to the Council for the period 2 October 2017 to 31 March 2018 total £58,892.00.

Net savings to the Council for the financial year 2018-2019 total £116,992.

Figure 4 – Projected Boundary Road Net savings

	Boundary road	Bed and Breakfast	2017 / 2018 Net saving	2018 / 2019 Net saving
Number of units	8	8		
*Days charged	182	182		
Rate charged to council (per night)	£0.00	£52.75		
Rate charged by council (per night)	£28.00	£0.00		
Gross Income/charge to council	£40,768.00	£76,804.00		
Maintenance costs	£22,856.00	£0.00		
Net credit/ debit to council	£17,912.00	£76,804.00	-£58,892.00	-£116,992

3.7 Criteria against which the tenderers are to be selected and contract is to be awarded

Tenders will be assessed on a Quality/Price ratio as set out below. Specific areas to be included in the qualitative aspect of these tenders are:

- experience in similar work
- resident liaison support
- experience and qualifications of site team
- use of sub contractors and local labour/suppliers
- cost
- quality based on outcome measures
- customer care arrangements

Quality/cost ratios will vary dependant on the value and complexity of the project. This is as set out in the table below:-

Quality/Cost Ratio	Reason
60/40 Quality/Cost Ratio	It is recommended that a 60/40 Quality/Cost Ratio is used in relation to this project. As the delivery will be undertaken with residents in occupation, it is important to ascertain that delivery partners are able to respond proactively and positively to the constraints that this will pose. Also, the nature of funding for the project (provided by Greater London Authority under the Homelessness Change for Life scheme) mean specific key areas must be in place to satisfy requirements set out within the Councils bid and contract agreement with the GLA. For example, the implementation of fully accessible ground floor units of accommodation for disabled customers. Usability, durability and compliance to the appropriate regulatory standards will be key to ensure sign off for funding. There will also be an emphasis on achieving value for money in view of the significant budgetary pressures faced by the Council

3.8 How the procurement will address and implement the Council's Social Value policies

The successful contractor will be required to demonstrate use of local labour and suppliers along with the appointment, where practical, of apprentices.

Works will contribute to the wellbeing of residents in housing need and contribute to the improvement of emergency accommodation available within the borough.

4. Options Appraisal

Option 1	Do nothing	The site requires urgent attention in order to modernize the buildings infrastructure including fire detection, lighting, energy efficiency and crime prevention systems to current standards.
Option 2 (the preferred option)	Utilizing Capital Delivery to appoint and manage an external contractor to undertake program of works using the Housing Framework Agreement.	It is considered this method would provide increased benefits in terms of swiftness of completion / delivery and value for money, these elements are key factors in assisting the Council in alleviating the

		significant budgetary pressures.
Option 3	Utilizing the DLO to carry out the works 'in house' within the Council	Consideration has been given to commissioning the Council's Maintenance Division to undertake works however the service is not currently in a position to carry out this level of works in house within the timescale. Where the scope of works and timescale are appropriate this is our preferred option

5. Equalities and other Customer Impact

- 5.1 Current and future projects concerning the Council's hostel accommodation stock require contractors, suppliers and other project team members to be cognisant of, and responsive to the needs of all residents regardless of background and circumstances. This will range from timing works and undertaking active steps to prevent disruption to neighbouring residents' to provision of translation services where appropriate; this is of course not an exclusive list but representative.
- 5.2 Contractors are required to demonstrate a commitment to supporting the Council's own teams in implementation of high quality customer care.

6. Other Considerations and Implications

6.1 Risk and Risk Management

Works exceeding timescale

The primary risk associated with the proposed works centre on works exceeding timescale. The project will be full scoped and managed and minimized by a fixed price contract with adequate contingency budget.

Cost of decanting residents during works

There are potential costs associated with placing existing tenants in alternative accommodation whilst expansion and refurbishment works are being carried out. The total cost depends on how many rooms are affected throughout the program of works, the length of time and the type of alternative accommodation utilized. In order to mitigate the risk of substantial costs it is proposed the works are staged within sections of the building commencing with conversion of the ground floor office space into units of accommodation. Once complete, customers can be moved from the second floor into the ground floor units of accommodation whilst works are completed to the second floor. Upon completion of works to the second floor customers can be moved from the first floor into the newly completed second floor units of accommodation. The Council also has units of council owned hostel accommodation located throughout the borough capable of absorbing the impact of a potential request for up to 6 customers to be decanted during the period of works.

A full resident profile will be provided by the Hostel Services Team to the Project Delivery Team to determine an appropriate route for each applicant

An initial project risk register is to be provided by Housing Advice Service colleagues covering known maintenance/site issues together with programme implications. This in turn will be developed by the project team into the contractual risk register which in turn is monitored and managed throughout the contract period.

- 6.2 **TUPE, other staffing and trade union implications** - There are no TUPE implications associated with this procurement.
- 6.3 **Safeguarding Children** - The proposed programme of works will provide better living conditions for residents of the borough.
- 6.4 **Health Issues** - Improvements to the site outlined in this report aim to provide outcomes including modern, clean units of accommodation as well as DDA compliant residential, w/c and food preparation facilities. Upgraded fire detection systems located throughout the building will provide a significant means of protecting the safety of residents. We anticipate the improvements will lead to improved living standards for residents who are among the most deprived members of our community.
- 6.5 **Crime and Disorder Issues** - The proposed programme of works will improve the appearance of hostel accommodation within the borough. 24 hour site security with access to modern CCTV aims to prevent incidents of crime and disorder.
- 6.6 **Property / Asset Issues** - The Council will retain the freehold interest in the site.

7. Consultation

- 7.1 At the outset of the hostel there was extensive consultation with internal stakeholders including directors, senior management and senior officers within Housing Advice, Capital Delivery, Housing Strategy and finance in order to establish the project's viability, feasibility and to progress both the design brief and specification of works. Consultation, examination and comment have also been obtained from the Council's Assets & Capital and Procurement boards.

8. Corporate Procurement

Implications completed by: Francis Parker, Senior Contract manager.

- 8.1 The route to market suggested within this report is suitable for this work although other routes to market could have been investigated rather than using a framework which is expiring. It appears that suppliers have already been engaged at this point which leaves little scope for alternatives.
- 8.2 The 60/40 quality/price split should ensure that the selected provider has the skills and experience of working in occupied premises. It is hard to ascertain whether value for money is likely to be achieved without more information.

- 8.3 The procurement route is compliant with the Council's contract rules and the EU directives 2016. The value is well below the threshold for Works contracts in any case.

9. Financial Implications

Implications completed by: Richard Tyler Interim Chief Accountant

- 9.1 There is £875k of identified funding for the proposed expansion and refurbishment works. This comprises £219k of Council funding and £656k of GLA grant funding. The costs of the project must be contained within these resources as any overspend will need to be met from revenue contributions or additional borrowing which will create a pressure on the General Fund.
- 9.2 The scale and scope of the works will need to be in line with the original grant funding application approved by the GLA.
- 9.3 The project must be completed by October 2017 for the entire GLA grant to be obtained by the Council. Any delays in the completion of the project could result in a shortage of funding which would potentially create a pressure on the General Fund
- 9.4 There are potential costs associated with placing existing tenants in alternative accommodation whilst expansion and refurbishment works are being carried out. The total cost of this depends on how many rooms are affected at once and the length of time. However if tenants are placed in B&B accommodation as an interim measure, there could be a net cost per placement in B&B of up to £18k a year.
- 9.5 If all 27 placements are transferred to B & B from January 2017 when contractors start on site, there could be an additional net cost of up to £120k incurred in 2016/17. In addition as a result of placing existing tenants into alternative accommodation there will be a pressure as the budgeted level of income from Boundary Road will not be achieved. If the project commenced in January 2017 this would result in an expected loss of £70k income in 16/17.
- 9.6 Similar costs will be incurred during 2017/18 for the period until the refurbishment is completed. If for example, these costs were incurred from April - Sept 2017 they would be £240k for B & B and £140k for loss of income over that period (based on 27 placements)

10. Legal Implications

Implications completed by: Kayleigh Eaton, Contracts and Procurement Solicitor, Law and Governance Team

- 10.1 The proposed procurement being considered is for the renovation works at Boundary Road hostel. The proposed procurement being considered is estimated at approximately £875,250 and is therefore below the EU threshold for works contracts (currently set at £4,104,394). This means that there is no legal requirement to competitively tender the contract in the Official Journal of the European Union (OJEU). However the Council still has a legal obligation to comply with the relevant provisions of the Council's Contract Rules and with the EU Treaty

principles of equal treatment of bidders, non-discrimination and transparency in conducting the procurement exercise.

- 10.2 This report advises that it is the intention of officers to tender this contract by conducting a mini competition on the Council's Housing Framework Agreement, which has been procured through OJEU. The requirements for competitive tendering, as contained in rule 28.5 of the Council's Contract Rules, are therefore met provided the contract award occurs in accordance with the framework agreement terms.
- 10.3 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.
- 10.4 The Responsible Directorate and report author are requested to keep the Law and Governance Team fully advised on the progress of this procurement who will be available to assist and advice throughout the process.

Background Papers Used in the Preparation of the Report: None

List of appendices: None