

CABINET

13 February 2017

Title: Former Sacred Heart Convent – Conversion and Redevelopment Proposals	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report with Exempt Appendix 3 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Wards Affected: Goresbrook	Key Decision: Yes
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Accountable Director: David Harley, Acting Head of Regeneration and Planning (Regeneration)	
Accountable Strategic Director: John East, Strategic Director of Growth and Homes	
Summary <p>By Minute 127 (19 April 2016), the Cabinet approved the purchase of the former Sacred Heart Convent, 191 Goresbrook Road, Dagenham RM9 6XD. Cabinet resolved to agree the appropriate financial provision within the 2016/17 Capital Programme for the purchase and delegated the agreement of the final terms for the purchase. The Council completed the purchase on 13 May 2016.</p> <p>The original report noted that a further report would be presented to Cabinet if the land purchase is secured setting out proposals for the future use of the site and the revenue funding arrangements associated with the cost of borrowing.</p> <p>This report sets out the proposals along with the capital and revenue funding requirements for the future use of the existing building and adjacent garden areas including;</p> <ul style="list-style-type: none">• The conversion of the upper two floors and part of the ground floor of the existing building to provide 17 units of temporary accommodation provision with associated resident facilities, reception, administration, and management areas.• The occupation of the remaining ground floor areas by a Creative Industries or Arts Company to ensure that the unique existing features of the building including the staircase, panelled rooms and chapel are retained and preserved.• The development of the garden areas adjacent to the main building for a new build residential scheme comprising between 53 – 63 self-contained units (dependant	

on planning and detailed design) for families and couples in need of temporary accommodation.

A full financial appraisal has been completed to evidence the viability of the both the refurbishment and new build elements of the project including the likely savings to the General Fund and a summary of that appraisal is set out at Appendix 3 - this document is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Council's Assets and Capital Board has reviewed this to ensure that the proposals maximised the density, income and savings to the General Fund. In addition, an analysis of the available options for the procurement of contractors and professional services is set out with recommendations for Procurement Board sign off.

The building is locally listed and has several features on the ground floor that merit protection, including several panelled rooms, the main staircase and chapel. The outline design work for this project has been completed by Peter Barber Architects a practice that has completed projects in the borough including infill sites where careful consideration was required to ensure that the schemes fit into the existing fabric. They received a Housing Design Award for a similar project at St Mungo's in Camden earlier this year.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree the scope of renovations to the upper two floors of the former Sacred Heart Convent to provide 17 units of temporary accommodation with associated amenity and reception areas utilising part of the ground floor;
- (ii) Agree the proposal to redevelop the surrounding garden and car park area to provide between 53 - 63 units (subject to planning and further detailed design) as specifically designed temporary accommodation in a courtyard arrangement, as contained in the outline design document in Appendix 2 to the report;
- (iii) Agree to seek a commercial occupier for the remainder of the ground floor space at the maximum rent achievable and at no net ongoing revenue cost, in accordance with the Borough's focus on creating opportunities to encourage Creative and Arts industries to move to the Borough;
- (iv) Agree that the cost of the works be met from the General Fund, at between £7.3 and £8.4m depending on the confirmed unit numbers;
- (v) Delegate authority to the Strategic Director of Growth and Homes, in consultation with the Cabinet Member for Finance, Growth and Investment, to sign off the final Procurement Strategy for the appointment of a main contractor and associated consultants for the project following its endorsement by the Procurement Board, in accordance with the Council's Contract Rules, the European Tendering Regime and Public Contract Regulations; and
- (vi) Delegate authority to the Strategic Director for Growth and Homes, in consultation with the Chief Operating Officer and the Director of Law and Governance, to

procure the projects and award the respective project contracts.

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) building new housing and sustainable communities; (ii) supporting investment in housing and open spaces to enhance the environment and (iii) helping residents shape their quality of life.

1. Introduction and Background

- 1.1. The site (shown in Appendix 1) consists of a local listed 1930s three-storey neo-Georgian constructed building set within a 40,000 sq foot landscaped site. Benefiting from distinct features including two large Mock Doric framed entrance doors, a hip tiled roof crowned by a cupola and chapel located to the ground floor, Sacred Heart is one of only 133 buildings of local architectural or historic interest within the borough.
- 1.2. In view of the above any future use of the building and adjacent garden areas must ensure it respects the key heritage features of the building and its wider setting within the streetscape.
- 1.3. Over two years ago, the Council considered purchasing the site for temporary accommodation. Throughout this time the Council were made aware temporary accommodation providers (potentially including other boroughs) were also considering purchasing the site for temporary accommodation.
- 1.4. The local authority 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 Local Authority has a statutory duty under the Homeless Act 1996 (as amended) to assist.
- 1.5. Socioeconomic factors including ongoing reforms to welfare, rising unemployment and private rental sector costs exceeding the level of Housing benefit assistance (Local Housing Allowance) have resulted in significant increases from residents for assistance with re-housing as a result of homelessness. Consequently, this has resulted in an increase in demand for emergency accommodation.
- 1.6. Sequentially fiscal consolidation at a national level has led to reduced funding for local authorities. As a consequence, additional pressures have been placed upon the budget for Homeless Services within the General fund.
- 1.7. 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. Where customers are unable to be provided with council owned emergency hostel accommodation, the local authority currently utilizes private sector Bed and Breakfast provision to fulfil its statutory duty. The average cost per night of Bed and Breakfast

accommodation is £102.25 (£80 net), for 2015/2016 the annual net cost equated to £2m.

2. Proposal and Issues

- 2.1 On 15 November 2016 (Minute 63), the Cabinet approved the Council's Homelessness Strategy. This report asked Cabinet to note the severity of the current position regarding demand, supply, and costs of dealing with the Council's statutory duties regarding homelessness in the Borough. It further approved the proposed strategic approach and corresponding actions outlined in the report, aimed both at reducing homelessness demand in the Borough and at improving the Council's capacity and capability to manage the needs of those who are accepted as homeless.
- 2.2 The proposals for Sacred Heart along with the other major Hostel expansion projects are the Council's response to facilitating more cost-effective ways to reduce the increasing financial burden upon the local authority and improving the quality of accommodation available to families requiring assistance with re-housing. It is proposed a programme of renovation works and new build provision are undertaken at Sacred Heart to provide singles, couples and family accommodation in a mix of refurbished units within the main building and a new build scheme on the adjacent garden areas that is sensitive to the existing building and street scape.
- 2.3 The proposals (shown in Appendix 2) include sympathetic renovation and refurbishment of the existing rooms located on the first and second floors of the building to create 17 units of accommodation and demonstrate how small new build units can be arranged in a mews and courtyard configuration around the existing building.
- 2.4 The scheme shown in Appendix 2 shows 45 new units, this has been reviewed to confirm that this number can be increased subject to further detailed design work and planning to between 53 and 63 by adding a second storey to parts of the Courtyard design where higher development would be acceptable within the context of the site. Adding between 8 and 10 additional units to the new build scheme will improve the viability without incurring a large increase in staffing costs.
- 2.5 The refurbished areas of the existing building will have fire safety/detection systems fitted in accordance with existing and appropriate fire safety regulations and it is proposed that digital CCTV cameras are installed both internal and external to the building and connected to a network video recorder (NVR).
- 2.6 The refurbishment will also overhaul existing utilities (including lighting, heating, and water drainage and ventilation systems) to create bathrooms, toilets and kitchens to each floor. Onsite laundry/ dryer facilities accessible to residents will be located on the ground floor.
- 2.7 External proposals include creating a dedicated refuse area to satisfy BP8 and BP11 of the borough wide development policy. Off street parking will also be created as well as means of cycle parking to encourage the use of cycling (sustainable transport) in accordance with policies BR10 and BP8 of the borough

wide development policies.

- 2.8 The new build proposals have been drawn up to be sensitive to the existing building and site layout, minimising overlooking by keeping the development at no more than two storeys in courtyard blocks and mews style terraces. A large rear communal garden is retained for shared use and two smaller landscaped areas within the Courtyard blocks.
- 2.9 The design for the new build units allows access through the main reception area into the landscaped gardens and courtyards that have individual entrances/street doors to the units between approx. 14 sqm and 35 sqm with self-contained facilities. These units will have open plan living and kitchen areas with separate shower, WC and bedrooms.
- 2.10 The previous applications for a 60 bed Care Home on the site attracted several objections from residents in the surrounding properties. These were mainly around issues relating to loss of light, trees and traffic concerns. Initial meetings with the Planning team have flagged up these issues and guidance has been given to avoid future objections.
- 2.11 A full programme of consultation with residents will be undertaken during the detailed design phase and prior to the planning application being submitted to ensuring that any concerns regarding the future use of the site, overlooking etc. can be addressed.
- 2.12 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 proposals also include provision of an area located to the ground floor whereby residents and the community are able to access consulting, interview and training from outreach and strategic partners of the council. A key benefit of this proposal is the access to education and development skills which are critical to ending the cycle of homelessness and poverty. It is envisaged this will also promote a welcoming, safe and resilient environment for the community.
- 2.13 Given the site location, the proposed use for the site and the size, layout and character of the ground floor space it is likely to be extremely difficult to secure a commercial user for the remaining space. The Council has a strong focus on creating accommodation for artists and there is potential that this space could be utilised as workspace for one or more artists. Discussions will take place with organisations such as Bow Arts, Create London, Studio 3 Arts and Barking Enterprise Centres Community Interest Company who also have space in the borough whether they would be interested in managing the space.
- 2.14 It is unlikely to generate much income but should be able to cover running costs and would fulfil broader objectives laid out in the Growth Commission report. The financial model includes no on-going income or costs associated with the space however initial capital costs to enable the space to be independently occupied have been included.
- 2.15 An option appraisal for the use of the site for the provision of temporary housing is set out below:

Option	Description	Comments
1	Do nothing –	<ul style="list-style-type: none"> The scale of both the fiscal challenge and demand for housing faced by the local authority is such that alternative and decisive approaches must be considered. The Council owns the site/building.
2 (The preferred option)	Develop the site in accordance with the proposals to provide increased units of interim accommodation	<ul style="list-style-type: none"> It is considered the renovation, modernisation and development of this site would provide key benefits which are in line with the Council's corporate plan including 'creating thriving communities by maintaining and investing high quality homes' and 'improving health and wellbeing of residents through all stages of life via access to clean, modern, safe units of accommodation'. Development of the site would also provide economic benefits within the area. Construction workers and those working within the building will be, where possible sourced locally.
3	Procuring out of borough emergency accommodation	<ul style="list-style-type: none"> The council's Accommodation Services Team currently procure both emergency and interim units of temporary accommodation within areas outside of the host borough. Whilst this method can resolve some requests for emergency housing, the widespread practice of utilizing out of borough emergency accommodation has proven impractical for large swathes of LBBD customers eligible for Housing assistance primarily because the local authority are required to consider the adverse impact of procuring out of borough accommodation on various client groups. This primarily includes families with school aged children attending school within the borough who are adversely affected by substantially increased travelling times and costs, customers in employment who are adversely affected by substantially increased travelling cost

3. Proposed Procurement Strategy

3.1 It is intended that both the refurbishment and the new build development be undertaken as one project, let to one contractor but delivered in two phases. The successful contractor will be required to deliver the refurbishment project first and hand this over for occupation whilst proceeding with the new build as phase 2. The table below details the proposed procurement route for the refurbishment and development programme that form part of this report and reasons for the approach.

Procurement Route	Reason	Other Options Considered
New Build Housing Framework Agreement (Single stage tendered using Design and Build JCT contract).	It is recommended this scheme is procured through the Current New Build Housing Framework Agreement as the works required to both the new build and the existing building can be delivered using this framework	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 programme which is required to respond to urgent need for temporary accommodation within the borough.

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

The table below has been prepared to indicate the cost of the final scheme, showing the originally designed 62-unit scheme (17 refurbished and 45 new build) and the costs for the increased unit numbers at a minimum of 53 and maximum of 63 units

	Opt 1 – 62 units	Opt 2 – 70 units	Opt 3 – 80 units
17 Refurb Units	£2.172,000	£2.172,000	£2.172,000
45 New Build Units	£3.558,000	N/A	N/A
53 New Build Units	N/A	£4,927,251	N/A
63 New Build Units	N/A	N/A	£5,980,716
Refurbishment of Commercial space	£275,000	£275,000	£275,000
Total	£6,005,000	£7,374,251	£8,427,716

3.3 **Duration of the contract, including any options for extension.**

- **Sacred Heart refurbishment** – Nine months
- **Sacred Heart New Build extension** – Fifteen months

3.4 **Recommended procurement procedure and reasons for the recommendation**

Sacred Heart Refurbishment and New Build – The refurbishment will be delivered using JCT (D & B) 2011 via the Council's current New Build Housing Construction Framework Agreement. The procurement on both will be based on a single stage tender process which is suited to this type of 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 project will be delivered by a project team within the Capital Delivery Unit project management team, in-house & external architects, and Quality inspector with support from external consultants including Principal Designer, Surveyor and Main Contractor to undertake the works.

Work Stage	Sacred Heart Refurbishment & New Build Extension
Feasibility study, Surveys and Scoping Options appraisal- presentation and selection	July – November 2016
Further assessment of Assets and Capital Board comments – increasing unit numbers etc.	November 2016– December 2017
Cabinet/ Procurement Approval	February 2017
Planning Application (Change of Use)	March 2017
Planning Approval	May 2017
Production & Dispatch of Tender	March 2017
Tender Period	April – May 2017
Tender Evaluation	May – 2017
Approval & Appointment of Contractor	June – 2017
Delivery of Refurbishment	July 2017 – January 2018
Commencement of New Build on site	November 2017

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

Significantly reduced expenditure allocated towards procurement of private sector bed and breakfast accommodation; increased income generated by the local authority, improved standard and a wider scope of emergency accommodation to accommodate a spectrum of client requirements.

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 vary dependant on the value and complexity of each project. On this project, it is recommended that a 40/60 Quality/Cost Ratio is

used; there will be an emphasis on achieving value for money in view of the significant budgetary pressures faced by the local authority. Build quality is an important factor primarily in respect of durability throughout the buildings lifecycle.

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

Tenders will require the successful contractor 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.

3.9 **Procurement Option Appraisal**

1	Do nothing	The scale of both the fiscal challenge and demand for housing faced by the local authority is such that alternative and decisive approaches must be considered. Also the site requires urgent attention in order to modernize the buildings infrastructure to current standards.
2 (The preferred option)	Utilising capital delivery to appoint and manage an external contractor to undertake program of works	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 local authority in alleviating the significant budgetary pressures.
3	Utilising the DLO to carry out the works 'in house' within the Council	Consideration has been given to commissioning the councils 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 the preferred option.

4. **Financial Appraisal**

4.1 A full financial appraisal for the both the refurbished and new build units has been undertaken and a summary is attached at Appendix 3 in the exempt section of the agenda. The appraisal was prepared using the following assumptions on cost and income:

Appraisal Assumptions	62 Units	70 units	80 Units
Purchase Price (inc Stamp duty)	2,790,000	2,790,000	2,790,000
Construction inc fees & contingency	6,531,480	7,374,251	8,427,716
Grant	0	0	0
Development interest	139,822	152,464	168,266
Total Scheme Costs	9,461,302	10,316,715	11,385,982

Financial & economic	Rate
Development cost of finance (developer)	1.50%
Operational cost of finance	2.50%
RPI	2.00%
Rental uplift (in addition to RPI)	0.00%
Discount rate (for discounted cash flow)	6.09%
Appraisal Term	50 Years

Costs	
Staff Costs per annum	£121,257
Premises Costs per annum-62 units	£311,514
Premises Costs per annum-70 units	£331,435
Premises Costs per annum-80 units	£356,336
Major Works allowance from year 5 @ 720 per unit-62 units	£44,640
Major Works allowance from year 5 @ 720 per unit-70 units	£50,400
Major Works allowance from year 5 @ 720 per unit-80 units	£57,600

Years/Units	
62 units Contribution required from General Fund per year to year 42	£227,000
70 units Contribution required from General Fund per year to year 30	£184,000
80 units Contribution required from General Fund per year to year 20	£130,000

- 4.2 The key out puts from the Sacred Heart Appraisal are summarised below, this includes the original purchase costs. The Service Charge provisions have also been reviewed and it is estimated some additional charges can be levied at £3 per week for the refurbished units and £5 per week for the new build unit which results in an approximately an additional £15,000 per year but this has not been included into the revised appraisal until more work is completed to review the exact charges.

All Properties at Temporary Accommodation Rates	62 units
NPV	£7,907
First Year Net Cashflow	£17,104
Highest Cumulative Negative Cashflow (Nominal)	NA
In Year	NA
Cashflow Positive from year	1
Net Savings to General Fund per annum	£54,882

All Properties at Temporary Accommodation Rates	70 units
NPV	£6,232
First Year Net Cashflow	£13,868
Highest Cumulative Negative Cashflow (Nominal)	NA
In Year	NA
Cashflow Positive from year	1
Net Savings to General Fund per annum	£107,996

All Properties at Temporary Accommodation Rates	80 units
NPV	£118,185
First Year Net Cashflow	£9,577
Highest Cumulative Negative Cashflow (Nominal)	NA
In Year	NA
Cashflow Positive from year	1
Net Savings to General Fund per annum	£172,362

5. Consultation

- 5.1 The Consultation has taken place with internal stakeholders including directors, senior management and senior officers within Housing Advice, Capital Delivery Housing Strategy and finance in order to establish the projects viability, feasibility and to progress both the design brief and specification of works.
- 5.2 The proposals in this report were taken to the Asset and Capital Board in November 2016 for review. Whilst the Board totally supported the aims of the project to meet the very pressing requirement to provide more hostel accommodation for current and predicted levels of need they were concerned that the financial appraisal only resulted in a very small £55,000 saving to the General fund per year and asked for additional work to be completed to look at options that would make the project more financially viable whilst still meeting its key objectives.
- 5.3 The project team looked at the following to address the Boards concerns:
- Maximising income through service charges and driving down revenue costs.
 - Increasing the number of new build units from the planned 45 to between 53 and 63, this is considered achievable without over developing if planned sensitively to the context of the site.
 - Looking at the overall viability of the Hostel Expansion Programme in the forthcoming Cabinet Report to illustrate how whole programme will make significant savings to the General Fund.

- Complete market research to assess an achievable commercial market rent for the space on the Ground floor to contribute to the viability of the project.

5.4 In addition to the above the project group has initiated a dialogue with DCLG to confirm if they will allow any contribution from the restricted Right to Buy Receipts reserved for one for one rented housing replacement. As this is dialogue is in the early stages no contribution has been assumed in the financial modelling completed for this report.

5.5 The further design development will be subject to further Ward Member, stakeholder and community consultation. The planning consent gained by the previous owners of the property was subject to several objections from local residents and in order to mitigate this for future applications the intention would be for early intervention with the community prior to the formal planning consultation.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement and Accounts Payable

6.1 The proposed procurement route for the project is a single stage procurement using the Councils "New Build Housing Construction Framework". The project will be combining the refurbishment works with the new build to form a single project. The aggregation of the works whilst allowing a more fluid project may not deliver value for money in terms of the end costs, but would save cost in terms of only one procurement process conducted.

6.2 The proposed evaluation criteria is 60% cost and 40% quality, I would agree to this level of criteria for this project due to the requirement to maintain some of the listed provisions. The Value for money aspect has not been outlined in the report against the alternative options appraisal with time being stated as the main factor to ensure delivery of the project.

6.3 Based on the details of the report, the recommendations are supported although it should be noted that the costs outlined in section 4.1 include contingency but do not state how much. It should be noted that there could be a risk of costs exceeding the figures and what contingency does the Council have to conclude the project.

6.4 The use of the Housing Framework is a compliant route to market; however, justification on best value cannot be established. In this instance and due to the commencement of the first element has commenced the route to market being proposed is compliant and should be approved, but with the caveat that best value cannot be validated.

7. Financial Implications

Implications completed by: Katherine Heffernan, Finance Group Manager

7.1 This report is seeking authority to

- approve and authorise the proposed renovation works to the upper two floors of Sacred Heart Convert Building to provide 17 units of temporary accommodation

- approve and authorise the redevelopment of the surrounding garden and car park area to provide between 53-63 additional units of temporary accommodation, subject to funding being identify and agreed as part of the capital programme,
- approval to seek a commercial occupier for the remainder of the ground floor space to maximise income and at no net ongoing revenue cost to the general fund and
- agree between £7.3m and £8.4m funding from the general fund capital programme for the development depending on confirmed number of routes

7.2 Cabinet approved the purchase of Sacred Heart Convert Building in April 2016 at a total cost of £2.790m inclusive of Stamp duty. The proposed renovation works, depending on units taken forward, will cost between £7.374m and £8.428m and development interest of £152k and £168k respectively giving a total capital investment of between £10.317m and £11.386m.

7.3 If Cabinet approve the proposed renovation works, this will add interest costs to the Council of between £363k and £401k per year and will require the total capital investment to be repaid over the agreed period. Revenue budgets will need to be identified to meet this cost until the site becomes operational. The loan interest and the repayment costs will need to form part of the ongoing revenue budget for the site once open.

7.4 The Authority is under considerable financial pressure with regard to containing the cost homelessness within existing budgets. The temporary accommodation options available to the Council are the use of private sector landlords, bed and breakfast, nightly lets or the use of the Council's own homeless hostels.

7.5 Of the options available, the only one which now does not place a burden of cost on the Council is the use of homeless hostels. As detailed in the report, the Council does have a number of these establishments, however, these are always full to capacity due to the very high level of demand and, therefore, the more expensive options frequently have to be used to provide temporary accommodation for the homeless.

7.6 The opportunity to increase the number of hostels through the refurbishment and expansion of the Sacred Heart site has been seen as a way of increasing capacity of the hostel provision. This project, however, in view of the relatively high cost of the proposed building works needs to be financially viable in the longer term without placing a further financial pressure on the Authority.

7.7 The proposal is as follows:

Total Units	70	80
Capital Outlay:	£m	£m
Purchase cost	2.790	2.790
Development costs	7.374	8.428
Development interest	0.152	0.168
Annual running costs:		
Staffing	0.121	0.121
Premises	0.331	0.356

Loan & Interest repayments	0.364	0.401
Total Running Costs:	0.867	0.936
Annual Rental Income	(0.659)	(0.772)
Annual deficit	0,208	0.164
Current Cost of TA provision	0.291	0.302
Net Saving to G Fund/Annum	0.108	0.172

7.8 The income that would be forthcoming if, as expected, all 70 to 80 rooms are fully occupied is between £659k and £772k. On the basis of these figures, the redeveloped site would operate with an annual deficit of between £208k and £164k and not be viable.

7.9 A further saving would, however, be forthcoming as a result of the Authority having a further 70 to 80 units of hostel accommodation available and, therefore, not being required to provide more expensive alternative temporary accommodation for these families. The exact amount of this saving is difficult to accurately estimate as it would depend on the format of the temporary accommodation provided, however, if bed and breakfast and PSLs were used for these 70-80 families, at current rates, this would cost the Authority between £291k to £302k per annum. Therefore, when factoring in this cost avoidance, the project is financially viable.

8. Legal Implications

Implications completed by: Bimpe Onafuwa, Contracts and Procurement Lawyer

8.1 This report is seeking authorisation to undertake the procurement of a works contract for the renovation of the Sacred Heart Convent Building.

8.2 The procuring directorate sets out in this report that the contract will be procured from the Council's Housing Framework Agreement.

8.3 Under the Public Contract Regulations public bodies are permitted to set up and call off valid framework agreements. In doing so, there is a requirement that the process be transparent, non-discriminatory and fair.

8.4 This report sets out the procurement strategy for this contract in clause 3 and notes in clause 3.5 that the evaluation criteria shall be on a 40:60 quality: price ratio. The report explains that a mini competition will be undertaken amongst the framework contractors, while clause 3.3 provides a timetable for the procurement exercise. All the above are indication of a fair tender exercise in accordance with the PCR 2015.

9. Other Issues

9.1 **Risk Management** - Risks associated with the construction of the new development fully scoped and managed through the building contracts.

- 9.2 **Staffing issues-** The full operation of the project once open will require a Hostel Manager at 0.17 FTE, a full-time Team Leader and 2 full-time Housing Support Officers. These staff costs, along with associated security costs, have been included in the financial appraisal.
- 9.3 **Contractual Issues** - The LBBD Housing Contractor Framework would be used to Tender for and appoint a main contractor and all associated design consultants via a Design and Build contract arrangement.
- 9.4 **Corporate Policy and Customer Impact** – The development of this under-utilised site will contribute to the Council Priorities of ‘Encouraging Civic Pride’ and ‘Growing the Borough’. Regarding the latter, the proposals in this report are consistent with the objectives for building new housing and sustainable communities.

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. Contractors are required to demonstrate a commitment to supporting the Council’s own teams in implementation of high quality customer care.

- 9.5 **Safeguarding Children** - The project plan and detailed designs for the scheme has taken into consideration the needs of the local community and has focused on creating accessible and safe spaces that will benefit the local community including children.
- 9.6 **Health Issues** - There is a large body of evidence that improvements to housing quality can improve health and wellbeing outcomes for its residents. The link between poor housing and ill health has long been established and this is now clearly acknowledged by central government in their vision for the future of Public Health in England. This regeneration plan will help improve access to primary care services as well as to help improve the health, safety and wellbeing of residents that are affected by poor housing standards, particularly if they are disadvantaged through social deprivation, disability, age, vulnerability or infirmity. Poor access to and quality of primary care services as well as unsuitable housing conditions, overcrowding or unaffordable housing will all have an adverse effect on public health in an area of the borough experiencing significant demographic change.

The plan will help to remove the risk of ill health or injury to an individual or household. Making modifications to improve a home can lead to an enhanced health and wellbeing that not only benefits the individual but also brings wider social and economic benefits and reduces the cost burden for the NHS.

- 9.7 **Crime and Disorder Issues** - Section 17 of the Crime and Disorder Act 1998 places a responsibility on councils to consider the crime and disorder implications of any proposals. The development of the site will help make the areas safer by improving the quality of the environment. It is proposed the building will operate 24 hour on site security for the purposes of crime prevention. Security staff will have access to closed circuit television providing coverage to both internal and external areas of the site.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1** - Site red line plan
- **Appendix 2** - Sacred Heart Design Study (Peter Barber Architects, Sept '16)
- **Appendix 3** - Financial Appraisal (exempt document)