

Part A For General Release

REPORT TO:	CABINET 20 October 2015
AGENDA ITEM:	13.3
SUBJECT:	Acquisition of a 10 year lease for Windsor House for the provision of temporary accommodation housing
LEAD OFFICER:	Richard Simpson Assistant Chief Executive (Corporate Resources) and s151 Officer
CABINET MEMBER:	Cllr Simon Hall Cabinet member for Finance and Treasury Cllr Alison Butler Deputy Leader (Statutory) Homes, Regeneration and Planning Cllr Louisa Woodley Cabinet member for Families, Health and Social Care
WARDS:	All Wards

CORPORATE PRIORITY/POLICY CONTEXT:

Manage Need and Grow Independence – The leasing of additional residential units on a longer term basis supports the strategic objective to alleviate homelessness and pressure on housing set out in the Corporate Plan

The proposal will also help to contribute towards improving health and wellbeing through decent homes

FINANCIAL IMPACT

The agreement requires the Council to enter a 10 year leases on terms outlined in the Part B report for Windsor House

FORWARD PLAN KEY DECISION REFERENCE NO.: 19/15/CAB

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.'

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 That the Cabinet agree that the Council enter into a 10 year lease of Windsor House, London Road, Croydon with a break at the end of the 5th year to provide 140 studios, two bed and three bed units for use as temporary accommodation and on the terms detailed in the associated Part B report.
- 1.2 Agree that, for the reasons detailed in paragraph 3.4 of the report, the Assistant Chief Executive (Corporate Resources) and s151 Officer be given delegated authority, in consultation with the three Cabinet Members to make any amendments to the terms of the acquisition of a 10 year lease for Windsor House for the provision of temporary accommodation housing considered necessary after the decision has been made.

Note that where any amendments are made under this delegation, the amended terms for the acquisition of a 10 year lease for Windsor House for the provision of temporary accommodation housing will be published on the Council's website within 1 month of completion of completion of the lease

2. EXECUTIVE SUMMARY

- 2.1 As part of its homelessness strategy the Council are looking at a number of different ways to address the homelessness issue. To reduce the reliance on the use of bed and breakfast type accommodation, one option is the use of larger blocks of purpose built residential accommodation to provide short term temporary accommodation.
- 2.2 This report is seeking approval for the Council to enter into a new 10 year lease for Windsor House at London Road, Croydon which will provide 149 residential units (the accommodation).
- 2.3 The accommodation will provide 140 purpose built studios, and 2x two bed and 7 x 3 bed flats all of which are self-contained, including a shower room and kitchenette.
- 2.4 The opportunity to secure larger blocks of accommodation for the provision of short term temporary accommodation is limited the terms being recommended for the lease provide a financial benefit when compared to other options including Bed and Breakfast accommodation and provides a reasonably quick solution as the conversion works are expected to be completed by December 2015.
- 2.5 As at 23 June 2014 there were a total of 513 households in bed and breakfast accommodation. Although this number varies from week to week, over the last two years the total has seen a minimum of around 400 families requiring such accommodation at any one time.

3. DETAIL

- 3.1 Emergency housing needs are currently being met through a number of methods but a larger scale and more permanent solution to reduce the mixture of bed and breakfast accommodation, framework providers and private landlords is required. There is an ongoing increase in demand both within the borough and as a result of competition from surrounding councils and therefore the available accommodation is becoming increasingly difficult to secure and is increasing in cost.
- 3.2 The Council are therefore looking at a variety of ways to reduce reliance on third party providers to gain more control and budget certainty.
- 3.3 One of the options is to take a lease from a commercial landlord for larger blocks of residential units. Council officers have therefore been in discussion with the developers who have previously undertaken the refurbishment schemes at Concord and Sycamore House on London Road and therefore have a proven track record for providing suitable standards of accommodation. The existing relationship has enabled better terms to be provisionally agreed for this lease despite the general increase in market rentals.
- 3.4 The conversion will provide a total of 149 units of accommodation split between 140 studio apartments and, 2 x two and 7x3 bed flats. This may however be subject to slight modification over the final number and precise mix of units depending on fire and building control requirements. The rent may therefore be amended slightly to reflect the precise make up of unit numbers. Any changes are expected to be minimal and do not affect the suitability of the building from a temporary housing point of view.
- 3.5 Each unit will be self-contained with a shower room and kitchenette and will be fully furnished by the developer to include one single and a pair of bunk beds for the studio apartments and a mixture of beds for the larger flats to provide suitable flexibility for larger families. The majority of homeless households accepted by the council with the main homelessness duty are headed by a female single parent with dependent children (129 out of 207 households between April and the end of June 2015). A recent snapshot of households in bed and breakfast accommodation also found that just over 40% (214 out of 514) were single parents or couples with one child. Bedsit units will therefore provide reasonable accommodation and a better option than the traditional B&B route for this type of household.
- 3.6 Discussions have been had with the landlords regarding the provision of some larger flats but this has not been possible due to the impact on the landlord of the financial viability of the scheme. Larger properties would reduce the number of units but do not attract sufficient increases in rentals to maintain the level of return required. It may therefore be necessary for two studios to be used to accommodate larger families.
- 3.7 The market evidence for lettings of blocks to local authority providers is limited. Regard has been had to similar developments in neighbouring Boroughs and the terms agreed are comparable and in some cases more favourable than these examples. The majority of developments in this field are being let to students where the rooms are much more compact with only a single bed and

shared kitchen facilities or professionals where facilities have been upgraded. Previous schemes that have been considered by the Housing team have not been financially viable but the discount and terms negotiated help to generate an annual financial benefit in addition to providing accommodation offering significant improvements over the existing B&B provisions for families.

- 3.8 The terms detailed in the Part B report are considered to be competitive and favourably against current rental values in the private rented sector for furnished accommodation especially taking into consideration the services and management to be provided by the landlord as part of the lease arrangements. Officers have considered managing the building direct but the discounts offered by the landlord did not make this an attractive proposition. Maximum flexibility through the subletting provisions has been negotiated to provide future flexibility.

4. CONSULTATION

- 4.1 Consultation with local ward councillors has take place

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1. Risks

The principle risk is the commitment to the 10 year term but this has been mitigate by the incorporation of a break clause at the end of the 5th year.

The alienation provisions also allow a very flexible approach to the use of the building allowing letting to other Councils and registered providers as well as private individuals and students so that if units were to become surplus, any costs could be met through sub-let income.

The rent review in year 5 is linked to market values and will therefore be reflective of using any other form of third party accommodation but has the benefit of a 12.5% discount to ensure this will remain at a competitive and beneficial level

As under the proposed terms of the lease the furniture is only replaced by the landlord every 10 years there is a risk that due to the intensity of use of the accommodation the Council will have to replace or repair items more frequently. This has been reflected in the financial calculations with the replacement of the key items such as beds and mattresses being allowed for at least twice during the course of the 10 year term.

The model also allows for a bad debt provision for rent payments. The level adopted within the model has been set at 25% which takes into account the low recovery rate experienced from existing temporary accommodation solutions and the low recovery rate.

Void periods have been based on the average period of occupation which indicates 2-3 changes per year and an average void period of 10 days (2.75%) per unit each year.

As the Council will be responsible for paying the utility costs and then recovering these from the individual tenants there is a risk of under-recovery. A flat cost based on average usage is made to each tenant and an allowance for a 20% under recovery and bad debt provision has been included within the model.

2 Options

This proposal is being put forward as an alternative to the existing methods of provision as it offers a cost benefit and greater security at least in the medium term.

The Council could consider carrying out similar conversions themselves but this would not be achievable within the same timescale that this current proposal can offer.

A further alternative is to look at modular units that could be sited on vacant sites (either Council or privately owned) for shorter periods of time and then re-used on another site when required to relocate. This is currently being considered at a high level to try and assess the potential costs but early feasibility work on sites has not proved viable in the short term.

3 Future savings/efficiencies

Compared to other options such as short term B&B provision, this option is expected to deliver total savings of approximately £0.7m over the 10 years or £1.1m over the first 5 years.

(Approved by: Keith Robbins, Finance Lead, Resources)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that in agreeing the basis of the acquisition, the Council must be satisfied that it is paying a fair market value for the lease. The best consideration test and requirements are set out in section 123 of the Local Government Act

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Director of Democratic & Legal Services)

7. HUMAN RESOURCES IMPACT

- 7.1 As the current provisions already rely on third party providers there are no expected human resources impacts.

8. EQUALITIES IMPACT

- 8.1 An initial equality impact assessment has been undertaken and determined that:

- No major change - the Equality Analysis indicates that the proposal to secure accommodation through entering into a 10 year lease of Windsor House London Road, Croydon will provide improved accommodation for homeless households, particularly for single parents with dependant children. The proposal will have a positive impact on homeless households, among whom younger people, female heads of households, lone parents and BME households are over-represented.

9. ENVIRONMENTAL IMPACT

- 9.1 The conversion of the former office buildings to provide the residential accommodation will be in accordance with building regulation requirements and

therefore will be compliant with the current regulations where these apply. The conversion work will include new heating and lighting which will utilise more efficient equipment. The use of this space is therefore likely to be more sustainable than the existing options which utilise older, less efficient accommodation

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 The buildings will be managed during the daytime and the individual apartments fitted with high security locks. It is proposed that the buildings will have an entry door system to try and prevent unauthorised access outside of the hours that the building is managed.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

A new ten year lease for Windsor House will allow the Council to provide a cost effective and secure method of dealing with the short term housing need and reduce its reliance on third party providers.

12. ALTERNATIVE OPTIONS CONSIDERED

The opportunity to secure accommodation for homeless households in Windsor House came up through the council's continued and ongoing efforts to engage with landlords and accommodation providers. The current pressure exerted by increasing homelessness requires the Council to carefully consider all offers of accommodation, and to secure those that offer good quality accommodation, represent value for money and meet the needs of homeless customers.

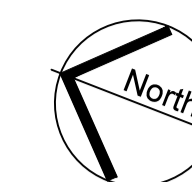
The only alternative option would be to reject the offer of the accommodation on the grounds that it did not represent value for money, was of unsuitable quality or was not required based on the current profile of need. The detail provided in the body of the report demonstrates this is not the case,

**CONTACT OFFICER: Steve Wingrave Head of Asset Management and Estates
ext 61512**

BACKGROUND PAPERS: Initial Equality Analysis

Appendix

1. Indicative floor layout plans for:
 - Windsor House



NOTES

- The Copy right of this drawing is the property of Create and must not be copied otherwise reproduced without written consent.
- The contractor is responsible for checking dimensions, tolerances and references. Any discrepancy to be verified with the Architect before proceeding with the works.
- Do not scale drawing. Figured dimensions to be worked to in all cases.

CDM Regulations 2007

ALL current drawings and specifications for the project must be read in conjunction with the Designer's Hazard and Environmental Assessment Record.

120 MINUTES FIRE RESISTANT CONSTRUCTION

90 MINUTES FIRE RESISTANT CONSTRUCTION

60 MINUTES FIRE RESISTANT CONSTRUCTION

30 MINUTES FIRE RESISTANT CONSTRUCTION

EXISTING 90 MINUTES FIRE RESISTANT CONSTRUCTION

PROTECTED STAIRWAY and PROTECTED HALLWAY

FD20	20 MINUTES FIRE DOORS
FD30S	30 MINUTES SMOKE SEALED FIRE DOORS
FD60S	60 MINUTES SMOKE SEALED FIRE DOORS

FINAL EXIT

SIGNAGE - EXIT ABOVE THE ESCAPE DOORS

DRY RISER INLET

DRY RISER OUTLET

SMOKE/ AUTOMATIC OPENING VENT

AOV TYPE 1 - AT TOP OF STAIRCASE. MIN 1 SQM FREE AREA. (EXISTING WINDOW TO BE MODIFIED TO ACCOMMODATE AOV)

AOV TYPE 2 - MANUAL VENT TO VENTILATE CORRIDOR. MIN 1.5 SQM OF FREE AREA. (EXISTING WINDOW TO BE MODIFIED TO ACCOMMODATE AOV)

AOV TYPE 3 - TO VENTILATE MAIN CORRIDOR VIA SECONDARY CORRIDOR AND AUTOMATIC OPENING DOOR D052/ D147/ D248/ D447. MIN 1.5 SQM OF FREE AREA. MIN DIMENSION OF AOV TO BE 0.85M IN ANY DIRECTION. (VIA LOUVER IN EXTERNAL FACADE, APPROX 1.8m x 1m, EXISTING FACADE TO BE MODIFIED TO ACCOMMODATE AOV)

NOTES
STRUCTURE FIRE PROTECTION - 90 MINUTES
FLOOR COMPARTMENTATION - 90 MINUTES
FIRE STOPPING REQUIRED TO ANY PENETRATIONS THROUGH FIRE COMPARTMENTS

19.05.15	O6	CONSTRUCTION ISSUE	CL	CG
13.05.15	C5	CONSTRUCTION ISSUE	CL	CG
02.04.15	C4	CONSTRUCTION ISSUE	DK	CG
13.03.15	C3	CONSTRUCTION ISSUE	NC	CG
03.03.15	C2	CONSTRUCTION ISSUE	CL	CG
27.02.15	C1	CONSTRUCTION ISSUE		

date	rev	revision/author/checker
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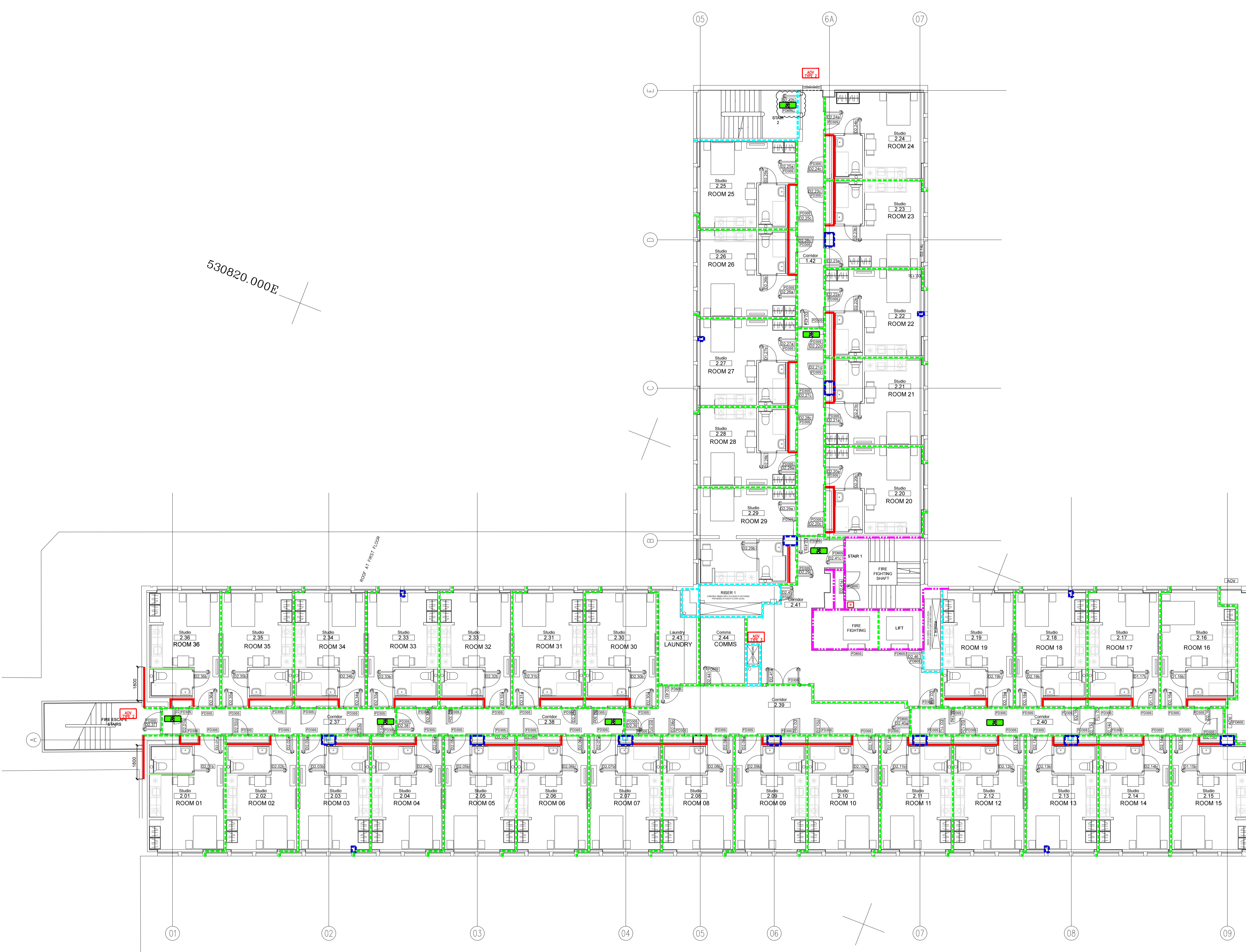
client
SHAYLOR GROUP

project
WINDSOR HOUSE
1270 London Road, SW16 4DH

drawing
FIRE STRATEGY
SECOND FLOOR PLAN

drawing no	230 A(26) P02	rev	C6
drawn	NC	checked	MW
scale @ A1	1:100 @ A1 1:200 @ A3	date	03.01.15

CREATE
DESIGN + ARCHITECTURE
Wiglesworth House, 69 Southwark Bridge Road, London SE1 9HH
T: +44 (0)20 7021 0267
www.createdesign.org



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