

**Report to:** Cabinet

**Date:** 29<sup>th</sup> October 2018

**Title:** New Housing for Short Term Letting

**Report of:** Ian Fitzpatrick, Director of Planning & Regeneration

**Cabinet member:** Councillor Ron Maskell (Cabinet Member for Housing)

**Ward(s):** Newhaven Denton & Meeching

**Purpose of report:** The report is to seek approval for the development of a Council owned site to provide housing to meet our need for access to short term lettings for Temporary Accommodation

**Decision type:** Non-key Decision

**Officer recommendation(s):**

- (1) To approve the construction of new affordable housing for short term letting to provide temporary accommodation (TA), upon Lewes District Council (LDC) land in Newhaven.**
- (2) To give delegated authority to The Director of Regeneration and Planning in consultation with the Lead Member of Housing to approve the use of up to £2.2m from the General Fund Capital Fund Capital Programme by LDC to deliver a TA scheme, using an appropriate LDC entity or building and lease-back agreement.**
- (3) To approve a waiver to the Contract Procurement Rules (CPR), as set out in Para. 2.4.1(a) of CPR to allow the direct selection of a main contractor, due to the bespoke nature of the product required and time restrictions. Full grounds laid out in paragraph 3 of this report.**

**Reasons for recommendations:**

**At the February 2018 Full Council meeting, approval was given for a budget amendment to the 2018/19 General Fund Capital Programme to allocate £2.2m for the development of new TA scheme. Although the purpose of the new housing proposed in this report will be to meet access to short term letting the homes themselves are expected to have long term use much like traditional construction.**

**A model of developing TA schemes in other areas has been successfully delivered so that the design and construction is for only a limited number of years, allowing for the future relocation of the residential units to another site(s). The Motion at Full Council in February 2018 was for a similar relocatable scheme that cannot be easily procured in a**

**traditional way.**

**Due to the potential need to relocate units in the future, it may be that LDC can reduce its risk long-term risk by agreeing a building and lease-back agreement to fund the construction of the scheme. The decision on the contract will need to be made once a contractor is appointed.**

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## **1            Introduction**

- 1.1      As the Housing Authority, LDC has the responsibility to provide TA for households who have been accepted as being (statutory) homeless. The Council does not currently have the use of a dedicated TA scheme within the District, and relies on private sector leased housing, the Council's own stock and Bed and Breakfast (B&B) rooms, which are usually only available in other Local Authority areas.
- 1.2      In the first three months of 2018-19 LDC had 87 households in TA. LDC can reclaim the majority of the costs of TA from Local Housing Allowance, but in this 3-month period alone LDC had to pay an additional £72,500 in unrecoverable expenses.

## **2            Council Resolutions**

- 2.1      At Full Council in February 2017, in response to a Councillor Motion, £20,000 was allocated in the General Fund Budget 2017/18 to research the Council's options for increasing the TA located within the District, with a particular focus upon off-site manufactured housing because of the speed of delivery and flexibility.
- 2.2      Following the completion of a feasibility report on the delivery of a new build modular housing scheme of TA, approval was given for a budget amendment to the 2018/19 General Fund Capital Programme to allocated £2.2m for the development of new TA of up to 20 units.

## **3            Procurement – reasons for waiver**

- 3.1      The development of a scheme that could be relocated in the future, to make way for another more permanent development is often referred to as "meanwhile use". There are a very limited number of construction companies offering this kind of product, and Council officers researched this issue extensively recently prior to procuring a company to build 6 modular bungalows at Ashington Gardens in Peacehaven. There are a number of providers that deliver refurbished shipping containers or others offering very small homes designed for

single people, rather than families, which is what is the predominant need in the Lewes District area.

- 3.2 The estimated cost of the 'meanwhile use' scheme is such that it would be above the £1m threshold for Works and so the Council's CPRs would usually require a UK wide advert.
- 3.3 The shortage of good quality, local temporary accommodation is a growing issue that is costing LDC money every week and there is a clear benefit to ensuring the development does not get delayed by lengthy procurement that is unlikely to result in LDC receiving a selection of competitive tenders.
- 3.4 The LDC's Constitution lays out the CPR and includes a provision under 2.4.1 a) for the Cabinet to waive certain requirements, where satisfactory grounds for doing so are explained.

#### **4 Consultation**

- 4.1 Consultation has begun on the proposal to develop the site a site in Newhaven, with Ward Councillors and the Newhaven Town Council. Consultation with any neighbouring residents and businesses will commence in Autumn/Winter 2018.

#### **5 Corporate plan and council policies**

- 5.1 The overall outcomes of this project support the Council's Corporate Plan to improve:
- "Place" through the use of modular housing, delivering affordable housing, market and affordable housing,
  - "Value for Money". By providing a service for customers within the District and ensuring that money LDC spends on temporary accommodation is spent in the District rather than expensive B&B accommodation elsewhere. Also by using modern technology to improve thermal warmth and decrease utility heating bills.

#### **7 Financial appraisal**

The scheme being proposed is within the Council's existing capital programme and it will be ensured that the final contract structure agreed will be contained within this funding level. All revenue implications will managed within existing revenue budgets.

#### **8 Legal implications**

Officers will need to work with colleagues in Legal Services to ensure related property, procurement and contract matters are explored and that the resulting development agreement protects the council's interest as far as possible.

## 9 Risk management implications

*Risk 1: The scheme fails to get planning permission*

Mitigation: A number of alternative sites remain under consideration for the a potatial alternative development, although can not be brought forward as immidiatly.

*Risk 3: The selected contractor is unable to deliver the planned scheme*

Mitigation: Alternative contractors are being investigated who could delievered a varied scheme that to meet some of the Council's requirements

*Risk 3: A suitable site for re-locating the units cannot be identified within the District*

Mitigation: The design and quality of the units will be good enough that there will be the option to reain them on the site and use them as permanent housing, or a suitable site could be found outside of the District.

## 10 Equality analysis

10.1 There are no equality impacts as a result of the recommendations of this report.

## 11 Appendices

- Appendix A – Exempt - Site Details and Plan

## 12 Background papers

The background papers used in compiling this report were as follows:

- Full Council Minutes Feb 2018 – See Agenda Item 9.1  
<http://democracy.eastbourne.gov.uk/Data/Lewes%20District%20Council%20Full%20Council/201802191800/Agenda/07nn9g5o3geawga7W32fsZ8BV4yD4.pdf>