

## **Report to the Cabinet**

**Report reference:** C-066-2016/17

**Date of meeting:** 9 March 2017



**Epping Forest  
District Council**

**Portfolio:** Housing

**Subject:** Pilot Scheme for the Provision of Modular Temporary Accommodation for Single Vulnerable Homeless People – Norway House, North Weald

**Responsible Officer:** Alan Hall (01992 564004)

**Democratic Services:** Gary Woodhall (01992 564470)

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### **Recommendations:**

(1) That, subject to the receipt of planning permission, a Pilot Scheme be undertaken at Norway House, North Weald (the Council's Homeless Persons Hostel) to provide three modular units of temporary accommodation for six single vulnerable homeless people, with shared kitchen facilities, as an alternative to expensive and less desirable bed and breakfast accommodation, together with additional storage facilities and some replacement car parking provision;

(2) That authorisation be given to the submission of a detailed planning application for the proposed provision;

(3) That Section 6.1 of the Council's Procurement Rules be waived to enable Mac Container Company Ltd, a local supplier of modular accommodation based at North Weald Airfield, to be the Council's Nominated Supplier of the accommodation units;

(4) That competitive tenders be invited from contractors based on Constructionline to supply and install the modular accommodation (supplied by the Council's Nominated Supplier) and to undertake all ground and infrastructure works, through a JCT Intermediate Form of Contract;

(5) That the estimated £345,000 cost of the Pilot Scheme be funded from the existing Capital Programme budget for the Council Housebuilding Programme, which is currently subject to a temporary moratorium, with 30% of the costs funded from 141 Receipts;

(6) That revenue budgetary provision of £5,000 per annum be made (funded from HRA Balances for the first year and incorporated within the HRA Budget in future years) to fund the appointment of a security company to provide security officers to attend Norway House, on an ad-hoc basis as and when required, in order to assist, support and protect staff and other residents on occasions when they feel at risk from residents, particularly out of normal office hours and when lone working; and

(7) That, subject to the success of the Pilot Scheme, the Housing Portfolio Holder considers whether or not, and how and where, the provision of temporary modular accommodation could be deployed in the District on a wider scale in the future.

## **Executive Summary:**

The Leader and Housing Portfolio are interested in considering the feasibility of providing temporary modular accommodation (referred to in this report as “pods”) to provide temporary accommodation for homeless households, at a lower cost than traditional-built, permanent accommodation and than the cost of placing homeless households in expensive bed and breakfast hotels.

The report proposes that a Pilot Scheme be provided on an identified site at Norway House, North Weald comprising 3 pods accommodating 6 single vulnerable people sharing kitchens, at a current total estimated cost of around £345,000, with 30% of the costs funded from some of the Council’s unallocated 141 Receipts.

Based on the Council’s £8,280 per person per annum loss of housing benefit subsidy as a result of providing housing benefit to a household in B&B, and taking account of the licence charge to be made for the pods, the payback period for providing one pod will be around 5.3 years (or 3.7 years on the basis that the 141 Receipts that it is proposed will fund 30% of the costs would otherwise be lost to the Council).

There are concerns about the heightened risk to staff and other residents about increasing the number of occupants at Norway House with single vulnerable people. A number of ways of mitigating these risks are proposed, including the appointment of a private security company to provide security officers to attend Norway House when required, for which a small budgetary provision is required.

## **Reasons for Proposed Decision:**

The Council is experiencing an increasing homelessness problem, with increased numbers of households having to be accommodated in temporary accommodation. The proposed Pilot Scheme will provide an alternative to accommodating single vulnerable homeless people in expensive bed and breakfast accommodation.

## **Other Options for Action:**

The main alternative options appear to be:

- (a) Do not undertake a Pilot Scheme – but this will not assist with alleviating the need for additional temporary accommodation, or with reducing the cost of accommodating households in bed and breakfast accommodation.
- (b) Provide more permanent, traditional-built temporary accommodation on the identified site - however, this would cost more to provide.
- (c) Provide more pods as part of the Pilot Scheme – however, there are no other suitable sites at Norway House.
- (d) Provide less pods as part of the Pilot Scheme – however, this would reduce the provision of additional temporary accommodation and the savings from not using bed and breakfast accommodation, thereby resulting in reduced cost-effectiveness of the Pilot Scheme.
- (e) Do not nominate Mac Container Company Ltd as the Council’s Nominated Supplier – however, this would result in significant officer time and delay in order to seek competitive

tenders; in any event, the Procurement Rules support the use of local suppliers and contractors where appropriate.

(f) Provide pods on another Council-owned site, instead of Norway House – however, it is suggested that Norway House is a suitable location for the Pilot Scheme.

(g) Accommodate homeless families in the pods, instead of single vulnerable homeless people sharing – however, this would not reduce the use or cost of bed and breakfast accommodation.

(h) Do not provide a revenue budget to appoint a security company – however, this is considered essential

(h) Fund 70% of the capital costs of the provision from general capital receipts – although this will reduce the cost to the HRA, it would utilise capital receipts that could otherwise be used for other (non-housing) Council capital projects.

### **Report:**

1. At its meeting in January 2017, the Communities Select Committee considered a detailed report on the increasing homelessness pressures in the District and made a number of recommendations, including some that required additional resources, that were subsequently agreed by the Finance and Performance Management Cabinet Committee.

2. The report to the Select Committee referred the interest of the Leader and the Housing Portfolio Holder, following a visit they had undertaken with the Chief Executive and members of the Communities Management Team to a local supplier, in investigating the potential and feasibility of purchasing and installing temporary modular accommodation (referred to in this report as “pods”) to provide temporary accommodation for homeless households, at a lower cost than traditional-built, permanent accommodation and than the cost of placing homeless households in expensive bed and breakfast hotels.

3. As a result, one of the Select Committee’s recommendations (Minute 54(3)) was that a report should be submitted to a future meeting of the Cabinet on the feasibility of the use of pods for homeless applicants.

### Proposed Temporary Modular Accommodation

4. A number of local authorities are now exploring and using pods to accommodate homeless households, the closest to Epping Forest being Chelmsford City Council. They are the same size as shipping containers, which aids and reduces the costs of delivery. They are of robust metal construction that can be painted in a range of colours, and can be stacked with staircase access.

5. Internally, they have thermal insulation that meets current Building Regulation requirements and offer a flexible range of internal configurations. They come supplied with a layout agreed with the local authority, with carpets, blinds, internal fittings (e.g. kitchens, shower cubicles, toilets) and white goods. To a large extent, they are similar to the chalets that have been located in the grounds of Norway House, providing temporary accommodation for homeless households, for many years. The proposed Nominated Supplier (see below) provides a 10-year guarantee for the pods, but has said that they expect units to last 2—25 years. However, since this is a new form of accommodation, this is not possible to evidence.

6. Internal and external photos of pods provided elsewhere are attached at Appendix 1.

## Proposed Pilot Scheme at Norway House

7. Although pods are starting to be provided across the country, they are still a new form of housing provision. Therefore, it is proposed that the concept be prototyped in Epping Forest through an initial Pilot Scheme at Norway House, the Council's Homeless Persons Hostel in North Weald.

8. One of the homelessness pressures that the Council is experiencing is the increasing use of bed and breakfast accommodation. Primarily, B&B hotels are used to accommodate single vulnerable people. However, although it is unlawful to accommodate homeless families with children in B&B for more than 6 weeks, due to other temporary accommodation now generally being full, increasing numbers of families are having to be accommodated in B&B. Therefore, it is proposed that the Pilot Scheme accommodates single vulnerable homeless people who would otherwise have to be accommodated in B&B accommodation. It is proposed that each occupant has their own living area, shower cubicle and WC – and shares a kitchen with the other occupant of the pod. An indicative layout is provided at Appendix 2. This element of sharing will enable licences to be provided to occupants rather than tenancies, which will mean that if any occupants need to be evicted for any reason, it can be done very quickly, without recourse to the courts.

9. The availability of suitable land at Norway House has been investigated. Initially, two separate sites were identified, on either side of the building. However, discussions with Planning Officers have ruled out one of the sites, a disused drying area, since it is within the designated Roughtallys Wood Nature Reserve, meaning that the area is protected from development. Planning officers have therefore advised that they could not support any planning application for development on this site.

10. However, the other site – which forms part of one of the car parks on the other side of Norway House – is considered, under the circumstances, to be a suitable site for the Pilot Scheme. Therefore, in the first instance, it is proposed that the Pilot Scheme provides three pods to accommodate 6 single vulnerable homeless people. Since there is already a shortage of storage space at Norway House, which will be exacerbated by the arrival of additional homeless households accommodated by the Pilot Scheme, and bearing in mind that the Council has a statutory duty to store homeless people's possessions, it is proposed that a low-cost metal storage container also be provided as part of the Pilot Scheme.

11. It is therefore proposed that the three pods and storage container be stacked two-storied, with metal staircases to the pods on the first floor, on the identified site. In accordance with housing legislation and good practice (in order to minimise the risk of fire spread), the two double-storied stacks must have a minimum 6 metre separation space between them. Appendix 3 provides a site plan, showing the proposed layout.

12. It should be noted that there are currently around 45 car parking spaces within the two car parks at Norway House and that the (approximate) 26 car parking spaces currently provided on the proposed site will reduce by around 14 spaces through the provision of the pods. The net position would therefore be a reduction of 30% - to 31 spaces. However, it is proposed that 6 new car parking spaces be provided on the site (shown on Appendix 2) to replace some of the lost car parking provision. Moreover, in order to maximise the use of the resultant parking areas, it is proposed that all the parking bays at Norway House be properly marked out.

## Proposed Supplier and Delivery of the Pilot Scheme Project

13. The company that provided the pods for Chelmsford CC, and which was visited by members and officers, is Mac Container Company Ltd located on North Weald Airfield.

Since they have proven experience by other councils, are a local company based in the District - and in view of the relatively small-scale nature of the Pilot Scheme and the officer time and delay that would be involved in seeking competitive tenders - it is proposed that this company supplies the pods and, accordingly, be the Council's Nominated Supplier. This would require Section 6.1 of the Council's Procurement Rules to be waived.

14. The Assistant Director (Accountancy) has undertaken an Experian Credit Check of Mac Container Company Ltd, which has established that the Company is not a large one and that no audited accounts have been filed. However, based on the accounts available and the relatively small scale of the proposal (with the accommodation being provided before they are paid for), the view of the Assistant Director (Accountancy) is that their appointment as the Nominated Supplier is "low risk".

15. However, since the cost of supply will be in excess of the EU Procurement Threshold for supplies (£164,176), it is proposed that competitive tenders be invited for a works contract from contractors based on Constructionline to supply and install the modular accommodation (from Mac Container Company Ltd as the Council's Nominated Supplier, at a pre-agreed price) and to undertake all the required ground and infrastructure works, through a JCT Intermediate Form of Contract.

#### Planning Issues

16. The Assistant Director (Development Management) and the Senior Conservation Officer have been consulted on the proposal. They have raised a number of planning concerns about the proposed Pilot Scheme, particularly around the loss of parking at Norway House and the impact that the siting of the pods in the grounds of Norway House will have, in view of its Grade II listing on the Statutory List of Buildings of Special Architectural or Historic Interest. It should be noted, though, that a Listed Buildings application will not be required.

17. However, they have weighed these concerns up with the greater benefits of providing a much-needed social community resource and concluded that, on balance, they could support the principle of the Pilot Scheme development, subject to the outcome of the required planning application's public consultation exercise.

#### Staffing and Concerns

18. The proposals have been discussed with the staff who are responsible for managing Norway House. It is fair to say that the on-site staff, in particular, have strong concerns about the heightened risk to staff and other residents about increasing the number of occupants at Norway House with single vulnerable people.

19. By legal definition, vulnerable people are those who are "*less able to fend for themselves than an ordinary person so that injury or detriment to them will result where a less vulnerable person would be able to cope without harmful effects*". In reality, the vast majority of single vulnerable people are people with serious mental health problems – which can include schizophrenia, psychosis and bipolar disorder.

20. Whilst there is undoubtedly a heightened risk, ways of mitigating these risks have been discussed with the staff. Firstly, it is the view of both Management and staff that since the Pilot Scheme only proposes the accommodation of an additional six single vulnerable people, there does not appear to be a need to increase the amount of on-site staffing at this stage. However, if the Pilot Scheme proves successful and, for example, further pods are provided at Norway House in the future, there will be a clear need to review the level of on-site staffing.

21. It is also proposed that, in view of the numbers of single vulnerable people presenting as homeless, the pods are provided as temporary “move-on accommodation” for single people already accommodated in B&B who are considered to be low-risk.

22. Most importantly, in order to assist, support and protect staff at Norway House on occasions when they or other residents feel at risk from residents, particularly out of normal office hours and when lone working, it is proposed that a private security company be appointed to provide security officers to attend Norway House, on an ad-hoc basis when required, and that appropriate revenue budgetary provision be made to fund the appointment. In any event, this provision would be welcomed – and indeed needed on occasions – even if the Pilot Scheme was not undertaken. It is estimated that budget provision of £5,000 per annum will be required which, for the first year can be funded from HRA Balances and then incorporated within the HRA Budget in future years.

#### Budget Costings, Comparisons and Invest to Save

23. Negotiations are currently ongoing with Mac Container Company Ltd for a price to provide, equip (to the Council’s specification) and transport to site three pods and one storage container. The budget estimate is £100,000, but the agreed price will be reported orally at the meeting. It is estimated that the cost of the selected contractor to install the pods on site and undertake all the ground and infrastructure works, including the connection of all required services, together with all associated fees, will be around £245,000. However, it should be noted that, at this stage, no topographical survey or survey of underground services has been undertaken, so these estimated costs may change. The total estimated budget capital cost of the Pilot Scheme is therefore around £345,000. Under the Council’s housebuilding agreement with the DCLG, it is proposed that 30% of these costs are funded from some of the unallocated 141 Receipts.

24. The average cost per square metre of providing the pods is around £1,100/sq.m, including fixtures, fittings and equipment - which can be compared with the estimated cost of around £1,800/sq.m, excluding fixtures, fittings and equipment to construct a more purpose-built, permanent building.

25. The charge made to single homeless people accommodated in B&B hotels, which is eligible for housing benefit, is equivalent to around £15,920 per annum. Although the charge is self-funded (i.e. is equivalent to the charge made to the Council by the hotels) the Council’s Housing Benefit Service is only able to recover the equivalent of around £7,640 (48%) per person per annum from the Government. This is because the Government wants to penalise local authorities to accommodate homeless households in B&B. Therefore, the resultant average cost to the General Fund, through the loss of housing benefit subsidy, is around £8,280 per person per annum - whereas, 100% of the cost of providing housing benefit to single people in the pods can be recovered from Government.

26. Furthermore, licence income of around £2,500 per annum per person will be received from the charges made to the occupants for using the pods (based on a charge of £48.80 per week). Therefore, from an “invest to save” perspective, the payback period for providing one pod will be around 5.3 years (or 3.7 years on the basis that the 141 Receipts that it is proposed will fund 30% of the costs would otherwise be lost to the Council, due to their required payment to the DCLG if the Council does not continue with its Council Housebuilding Programme).

#### Future Provision

27. Depending on the experience and success of the Pilot Scheme, it is suggested that officers discuss with the Housing Portfolio Holder whether or not (and how and where) similar

temporary modular accommodation, perhaps for homeless families, could be provided in the District on a wider scale in the future.

### **Resource Implications**

As set out in the detailed report above.

### **Legal and Governance Implications**

Housing Act 1985.

### **Safer, Cleaner and Greener Implications**

In view of the risks highlighted in the main report, the outcome will not provide a safer environment at Norway House.

As a result of the reduction in car parking and grassed areas due to the proposed development, there will be a reduction in green benefits.

### **Consultation Undertaken**

The two ward members for North Weald have been consulted on the content of this report and their comments are as follows:

Cllr David Stallan Supports the proposal in principle, as he thinks this will help alleviate the current housing problem

Cllr Anne Grigg Understands that planning consent will be required should the Council wish to go ahead with the provision. With the information she has at present, and in light of the increasing need for temporary accommodation to be provided to homeless households, she is supportive of the proposals. She does not find the exterior of the proposed temporary accommodation visually attractive.

### **Background Papers**

None.

### **Risk Management**

The main risks are as follows:

(a) The Pilot Scheme is not successful for some reason (e.g. the pods are found to be unsuitable for some reason) – this is one of the main reasons for undertaking a Pilot Scheme in the first instance. However, experiences elsewhere suggest that they should be suitable.

(b) The pods do not last very long for habitable use – this is mitigated by the suppliers providing a 10-year guarantee. Although this is not expected to be the case, in view of the relatively short payback-period, the pods will have paid for themselves in less than 3 years anyway.

(c) The pods incur high maintenance costs over their operational life – however, unless the annual costs are greater than the annual licence income, the Pilot Scheme will still be cost-effective

(d) The usual risks involved with a JCT works contract (e.g increased costs) – this will be mitigated through ensuring an appropriate specification and effective supervision of the works.

(e) Planning permission is not received – this has already been mitigated by consulting planning officers early, which will continue up to submission of the planning application.

### **Equality Analysis**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 4 to the report (to follow).

