

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOODS

TO:	POLICY COMMITTEE		
DATE:	3 AUGUST 2020		
TITLE:	MODULAR DEVELOPMENT - CATTLE MARKET CAR PARK		
LEAD COUNCILLOR:	CLLR ENNIS	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BATTLE
LEAD OFFICER:	ZELDA WOLFLE		
JOB TITLE:	AD OF HOUSING AND COMMUNITIES	E-MAIL:	Zelda.wolfle@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To provide an update about move on accommodation for rough sleepers, and to seek spend approval to progress a development of 40 modular temporary accommodation units to provide further move on accommodation at the Cattle Market site on Great Knollys Street.
- 1.2 Appendix A shows the site plan.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee approve the £2m addition of the Modular Home Development to the 2020/21 - 2024/25 Housing Revenue Account (HRA) Capital programme, funded through a combination of external subsidy and HRA borrowing.
- 2.2 That Policy Committee give approval to spend up to £2m within the Housing Revenue Account for the purpose of delivering 40 units of modular accommodation units to rehouse rough sleepers currently accommodated in Bed and Breakfast (B&B) as part of the Covid-19 response to the pandemic.

3. POLICY CONTEXT

- 3.1.1 In March 2020, as part of the Government's response to the Covid-19 pandemic, it was announced that local authorities should house all rough sleepers and those at risk of rough sleeping so that they could socially distance effectively and self-isolate if they needed to do so. As a result of the national 'Everyone in' response, over 160 people who were rough sleeping or at risk of rough sleeping were accommodated in B&B/hotel accommodation in Reading. The Council's housing teams have been working hard to support and protect these individuals, working with partners to make sure that their health and wellbeing needs are met. The net cost up to June 2020 of accommodation and

food is £843k. Based on the current arrangements, the current year-end pressure is estimated to be £2.760m.

3.1.2 To date 54 people have been moved out of B&B in to alternative accommodation, this has been achieved through working with our voluntary sector partners and private sector landlords. There are 106 people still currently in B&B.

3.1.3 The Council does not have any statutory obligation to this group under Homelessness legislation, however there is an expectation that support, and accommodation continues to be provided and it is not financially sustainable to keep them in B&B.

3.1.4 Approximately 39 of the cohort have no recourse to public funds, options for this group are limited, and the Council is working with local partners and the MHCLG to find a sustainable accommodation offer for this group. This includes reconnection where desired and supporting individuals to get settled status to allow them to be eligible for public funds.

4. THE PROPOSAL

4.1 Current Position: Move on Options

The service is working closely with MHCLG and Homes England to look at sustainable support and accommodation options for this cohort moving forward.

4.1.1 A range of move on options are being utilised and considered and plans are being made to ensure that an offer of suitable accommodation to all eligible individuals is possible, including:

- Utilisation of existing temporary accommodation within the housing stock - and prioritising current temporary accommodation tenants into permanent accommodation.
- Utilisation of existing supported accommodation units within commissioned services (including the Salvation Army, Launchpad and the Housing First initiative) - supporting providers to maximise move on opportunities and create additional throughput.
- Utilising private rented accommodation with support from Reading's Rent Guarantee Scheme - supporting the provision of accommodation for individuals within the cohort and accommodation to provide move on assisting throughput.
- Acquisition of units in the private market using right to buy receipts
- Prioritising suitable permanent general needs accommodation (both for the above cohort and to enable move on from supported accommodation)
- Refurbishing of existing void hostel accommodation that had been due for remodelling
- Accessing general needs accommodation through the support of our Registered Provider partners.
- Support to return to family and friends.

4.1.2 This picture is developing and changing regularly. Due to the complexity in the needs of the cohort, there is intricacy in developing suitable options and to identify where existing resources may be more efficiently utilised, so this is kept under weekly review.

4.2 Options Proposed

4.2.1 In order to meet the needs of a large majority of the client group, the service is proposing a temporary development of 40 units of modular accommodation with intensive support on site.

4.2.2 Crown Commercial Service, the public procurement arm of Government, have offered assistance in procuring the modular housing solution both in terms of drawing up a specification and drawing off their frameworks for supply and construction which will help reduce costs. This assistance will be provided free of charge.

4.2.3 Homes England and MHCLG have confirmed that grant funding is available to cover 40% of the development costs of new or refurbished accommodation targeted for this client group. Individual bids will need to be submitted via the standard process. If the Council were not successful in this process, then 30% of the scheme cost can be funded through right to buy receipts which are currently available and not linked to any other development.

4.2.4 In order to progress a modular solution, a site is required. Having conducted a high-level feasibility of the sites, the Cattle Market (a general fund owned site) appears to be the most suitable. It is proposed that intensive 24-hour support is provided on site to ensure that the residents are adequately supported, and the site is effectively managed. Officers are reviewing the funding opportunities for this provision. The Government has indicated that revenue funding will be available shortly which Council's can bid for to assist in these circumstances. The service is also reviewing the modelling of existing services to provide a fall-back position for the support should a bid for funding not be successful.

4.2.5 The Cattle Market site is currently being used as a surface level car park to bring additional income into the Council of c £150k per annum. A business case has been developed to improve access to the car park which indicates that it would provide the Council with an estimated additional income of a maximum £100k per annum. A planning application has been submitted. This improvement is unlikely to be possible if part of the land is made available for the 40 modular units, however officers are keeping this under review.

4.2.6 In comparison, the use of this land to provide 40 units of modular temporary accommodation would reduce the Council's spend on emergency accommodation by £80k per month, c.£960k per annum.

4.3 Delivery

4.3.1 The cost of delivery of 40 units of fully furnished accommodation connected to utilities is estimated at just under £2million.

4.3.2 It is possible for temporary accommodation to be held in both the Housing Revenue Account (HRA) and the General Fund.

- 4.3.3 It is proposed that the HRA funds the development and retains the income from the rent. There is no requirement for the land to be appropriated from the HRA to the General Fund, as it for a temporary arrangement over a short period, but the HRA can pay the General Fund a charge for using the land. This has been valued at c.£90k per annum based on the value of the land.
- 4.3.4 The financial modelling on this option, assuming the use of the Homes England grant, indicates that this development will provide a net income to the HRA of c.£178k per annum. If right to buy receipts were used instead of Homes England grant, the development would provide a net income to the HRA of c.£172K per annum.
- 4.3.5 Due to the net income received on each unit, up to 20 of the properties could be used for residents with no recourse to public funds, and therefore no ability to pay rent, and the scheme would still break even.

4.4 Next Steps

4.4.1 Part 12A of Schedule 2 of the Town and Country Planning (General Permitted Development) (England) Order 2015 states that a 'Permitted Development' will include any development by or on behalf of a local authority (3) or health service body on land owned, leased, occupied or maintained by it for the purposes of—

(a) preventing an emergency;

(b) reducing, controlling or mitigating the effects of an emergency; or

(c) taking other action in connection with an emergency.

4.4.2 This legislation enables local authorities, on their own land, to carry out temporary development in relation to the coronavirus emergency, without obtaining a site-specific planning approval. However formal permission is required before the 31st December 2020 or the land must cease being used for this purpose immediately, and the buildings we need to be removed within 12 months.

4.4.3 Therefore the project would be progressed in conjunction with the Local Planning Authority to ensure it is in line with planning requirements, and a full planning application would be submitted as soon as possible. Critically, however, this legislation enables the Council to move swiftly and install additional temporary accommodation without waiting for the planning application to be approved.

4.4.4 It is anticipated, that clearance of the site and installation of the modular units could start in August and be completed by October 2020.

4.4.5 A site plan is attached.

4.3 Other Options Considered

4.3.1 No other site is appropriate for the development, so the alternative option is for the service to not develop modular homes for this cohort and instead move them on to existing provision. Due to the shortage of specialist housing and social housing, move on would be likely to take considerably longer than if the modular development is completed. This would extend the length of time individuals would remain in nightly paid accommodation and continue the projected budget pressure.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposal meets the following of the Corporate Plan priorities:

1. Ensuring access to decent housing to meet local needs
2. To protect and enhance the lives of vulnerable adults and children
3. Keeping Reading's environment clean, green and safe

5.2 By facilitating sustainable accommodation for individuals who were previously homeless the proposal contributes to the Council's strategic aims below:

- To promote equality, social inclusion and a safe and healthy environment for all

5.3 Stable accommodation for this client group will also contribute to the following:

- Community Safety
- Health

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019

6.2 The pods will be manufactured off site using Modern Methods of Construction to minimise waste and maximise efficiencies of the build process. The units will be built to a minimum of current Building Regulations, and to maximise energy efficiency. They will be well insulated and heated via electric panel heaters. Hot water will be provided with an instantaneous electric water heater ensuring that there is no heat loss on the hot water system through stored water. LED lighting will be used both internally and externally on the pods. Windows and doors will be triple glazed. Although these pods are temporary in nature, they are robustly manufactured and one of their key features is that they can be craned off and re used many times in many different locations.

6.3 The pods are to be sited in a town centre location offering excellent transport links through Reading and the wider Thames Valley maximising residents' opportunities to engage with the community and seek employment through the public transport network.

6.4 As part of the design and build process with the manufacturer, we will discuss the opportunities to bind carbon within the structure and we will explore the viability of solar panels to off-set electrical usage for heating and hot water.

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 A statutory consultation will be completed as part of the planning process.

8. EQUALITY IMPACT ASSESSMENT

8.1 An EIA is not required for this decision.

9. LEGAL IMPLICATIONS

9.1 Part 12A of Schedule 2 of the Town and Country Planning (General Permitted Development) (England) Order 2015 enables the modular homes to be constructed without planning permission being obtained if controlling or mitigating the impacts of an emergency. Planning permission will then be sought retrospectively before the end of December 2020.

9.2 The Council's Financial Regulations state that a capital programme is prepared on an annual basis for consideration by the Policy Committee. However, schemes may be added to, or removed from, the capital programme outside of the annual budget setting process with the approval of the Policy Committee, where the scheme is urgent (see Financial Regulation 4.3.5).

10. FINANCIAL IMPLICATIONS

10.1 As recommended above it is proposed to add an additional £2m to the HRA capital programme to fund the building of these units. This will be a combination of subsidy (either Homes England Grant or RTB 1-4-1 replacement receipts) and HRA borrowing (no more than 70% of the costs/ £1.4m).

10.2 There is a net income to the HRA of £172-178k per annum depending whether grant funding can be secured (£178k) or whether right to buy receipts need to be used (£172k). There is a charge of £90k from the GF to the HRA for use of the land and an estimated reduction in nightly paid accommodation costs of £960k per annum. A table setting out the financial implications of the proposal is below:

Budget delivering units	Subsidy	Net income from modular units to HRA	Net income from modular units to GF	Total net income/ cost avoidance of proposal to General Fund
HRA	Grant Funding	£178k per annum	£90k per annum	£950k per annum
HRA	Right to Buy Receipts	£172k per annum	£90k per annum	£950k per annum

11. BACKGROUND PAPERS

11.1 None