

REPORT TITLE: 59 COLEBROOK STREET – REFURBISHMENT AND
CONVERSION TO SHARED ACCOMODATION FOR THE USE OF UKRAINIAN
AND AFGHANISTAN GUESTS

21 NOVEMBER 2023

REPORT OF CABINET MEMBER: Cllr Westwood, Cabinet Member for Housing

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WARD(S): ALL

PURPOSE

This report directly supports the Council plan priority of delivering ‘homes for all,’ and to provide shared temporary accommodation for guests on the various Government Resettlement Schemes, due to anticipated demand it is expected that the council’s intended use for this property will be for Ukrainians.

There is a need to provide temporary accommodation for single households who can no longer reside with their host or in their current accommodation.

Single Households make up the largest number of the Homes for Ukraine (HFU) cohort within the district of Winchester alongside facing the greatest challenges in sourcing affordable and good quality accommodation within the district.

The Local Authority Housing Fund (LAHF) round 2 enables the Council to acquire 6 properties, 4 for Afghan resettlement (individuals and families who have previously resided in bridging hotels) and 2 for temporary accommodation. The temporary accommodation can be occupied by Afghan Citizen Resettlement Scheme (including Eligible British nationals under this scheme (ACRS)), Afghan Relocations and Assistance Policy (ARAP), Ukraine Family Scheme (UFS), Homes for Ukraine (HFU) and Ukraine Extension Scheme (UES).

59 Colebrook Street, a vacant council general fund owned property has been identified as a potential property to use to provide temporary accommodation. The property is in a good central location to enable access to training and employment and is near all transport links. The property would enable individuals on the

resettlement schemes to live alongside each other providing support and assisting with the continue integration into our community.

Bringing this property back into use will reduce the need for the council to secure emergency accommodation in the form of bed and breakfast for those households on resettlement schemes and provides a better housing option for our guests who would otherwise be threatened with homelessness.

The Council's resettlement team would continue to support the occupants of this property during their residence there.

59 Colebrook Street has been empty since June 2021, this is a good opportunity to bring back an empty property into use to support these households and once the property is not needed for households on the resettlement scheme it can be used for general temporary accommodation within the council's stock.

RECOMMENDATIONS:

That Cabinet recommends Council:

1. Approves a capital budget of £610,000 to refurbish 59 Colebrook Street to provide temporary homeless accommodation, funded by £250k grant from HCC, £206k grant from LAHF, and £154k of prudential borrowing.

That, subject to Council approval of the budget, Cabinet:

2. Approves capital expenditure of up to £610,000 to refurbish 59 Colebrook Street to provide temporary homeless accommodation.
3. Delegates Authority to the Strategic Director (responsible for Housing) to approve the tender evaluation model.
4. Delegates authority to the Strategic Director (responsible for Housing) to appoint the preferred contractor(s) following a competitive procurement process.
5. Delegates authority to the Service Lead (Estates): to enter into all relevant agreements, to negotiate the contractual agreements and see them to completion to enable the conversion and refurbishment contract to be executed.

IMPLICATIONS:**1 COUNCIL PLAN OUTCOME****1.1 Tackling the Climate Emergency and Creating a Greener District**

- a) The refurbishment and conversion of 59 Colebrook Street will bring back into use and improve an empty building. The existing construction and the location of the property within a conservation area will determine what improvements to the energy efficiency of the property can be made.

1.2 Homes for all

- a) The property will be converted to form part of the Council's response to house Ukrainians who would otherwise be threatened with homelessness and enables them to remain settled in Winchester.

1.3 Vibrant Local Economy

- a) The proposal increases the amount of temporary accommodation to support Ukrainian's who are able to work in paid employment and generate impact in the local community.

1.4 Living Well

- a) The refurbishment will provide good quality temporary accommodation with improved energy rating, thus reducing potential for the quality of the Council's temporary accommodation to impact on individuals' health.

2 FINANCIAL IMPLICATIONS

- 2.1 The estimated cost of the conversion is up to £610,000 including contingency. The proposed source of funding is outlined in the table below and include a £250,000 contribution from Hampshire County Council:

Table 1. Project funding sources

59 Colebrook Street	£000	% contribution	status
Hampshire County Council Homes for Ukraine funding	250	41%	Approved
LAHF round 2	206	34%	Approved
Prudential Borrowing	154	25%	
Total build cost	610		

- 2.2 Income is based on a 6-person occupation with an assumed 10% void rate. Allowances have been made for estimated maintenance and future major

repairs. The council currently pays a council tax empty homes premium (circa £2,500 in 23/24) which it will no longer be liable for once the building is occupied. After allowing for estimated borrowing costs, a small annual surplus of circa £9,000 per annum from 2025/26 (rising with inflation) is expected to be generated. Further detail is provided in the financial appraisal at Appendix 1.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 To ensure best value a competitive procurement process for schedule of works JCT contract will be undertaken.
- 3.2 The Procurement team will provide advice on this matter and ensure that the process is undertaken in accordance with the council's Contract Procedure Rules.
- 3.3 It is intended to use a standard Intermediate JCT form of contract which will be managed in accordance with the council's contract management framework.

4 WORKFORCE IMPLICATIONS

- 4.1 There are no additional workforce requirements associated with the refurbishment and development. Estates will provide client resources from within existing staffing and the Strategic Housing team will provide support for engagement, communication and liaison with funding bodies, and stakeholders from within existing staff resources, working with the Communications team where appropriate.
- 4.2 Following completion of the refurbishment and development, ongoing management and maintenance will be resourced from existing staffing from within Housing.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The property is currently held as an investment property in General Fund; following completion of the conversion and refurbishment the property will remain in the council's General Fund as an operational property.
- 5.2 Winchester City Council is committed to improving the quality of life for Ukraine guests. In working towards this goal, condition surveys and structural surveys have identified that significant refurbishment and maintenance works are required to 59 Colebrook Street. These works will also provide the opportunity to improve the thermal performance of the building by replacing the existing roof and installing increased insulation, other energy saving measures include the introduction of secondary glazing, whilst refurbishing the original windows. Internal alterations are required to provide adequately sized rooms for our guests as well as complete refurbishment throughout, including new lighting; decorations; replacement kitchen and bathrooms, as

well as external landscaping to the rear courtyard to provide outside space for our guests.

6 CONSULTATION AND COMMUNICATION

- 6.1 Ward Councillors have been consulted on this proposal and they have indicated their support.
- 6.2 Initial advice has been sought from the Planning team, who advise that HMOs are divided into two categories according to the number of occupants. HMOs occupied by between 3 and 6 unrelated people fall into use **class C4**. HMOs with 7 or more occupants are considered to be a “sui generis” use. Previously the property has been rented out as an HMO for up to 7 occupants. For more than 6 occupants a planning application will be required.
- 6.3 This property is intended to be used for a maximum 6 occupants from the Ukrainian resettlement schemes. When the property is no longer needed for Ukrainians, the anticipated future use will be for temporary accommodation for single persons, managed by the council. If it is decided that capacity needs to be increased at this point, planning permission will be applied for.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 As mentioned previously in this report the refurbishment will significantly improve the energy rating of the property whilst also bring an empty property back into use after, standards.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 An equality impact assessment has been carried out. The assessment identified that the project could have the potential to affect some individuals in a negative way. The assessment highlighted that individuals could be affected on the basis of religious difference due to the project being shared accommodation and cultural differences associated with the intended cohort who will reside at 59 Colebrook Street. Officers are aware that when allocating the accommodation, they need to be aware of cultural differences before making an offer of accommodation.
- 8.2 The officers conduct a risk assessment for all individuals/households before offering any of the council’s temporary accommodation, and a risk assessment will be carried out of any individual being considered for 59 Colebrook Street

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 There are no data protection impacts associated with the development of the property. However, the management of the lettings must meet GDPR standards as this will requires personal and financial information about people staying within the property.

10 RISK MANAGEMENT

10.1 This scheme is in line with the council's current overall and Living Well priority risk appetite of moderate:

Risk	Mitigation	Opportunities
<p>Financial Exposure: Build costs increasing, resulting in more expensive tenders.</p> <p>Missing the deadline of 31st March 2024 to be in contract for the works could potentially result in repayment of the grant.</p> <p>Potential local Ukraine settlement demand is not met causing rental loss.</p>	<p>A value engineering exercise may be required.</p> <p>Continue to monitor programme. Submit monthly reporting to the funders providing an update on programme, budget and issues. Weekly monitoring of LAHF programme by Officers.</p> <p>Hampshire is one of the highest demands for settlement areas for Ukrainians</p>	<p>It is estimated that a small net surplus will be produced.</p>
<p>Exposure to challenge Opposition to development</p> <p>Challenge to tendering and appointment of contractor.</p>	<p>The proposed development will be considered in line with national and local planning policies. Any objections to the planning application, will mean that the decision will be taken by the planning committee.</p> <p>All tendering will be compliant with the council's contract procedure rules and contract management procedures, supported by the council's procurement team.</p>	

Innovation		
Reputation Positive impact for bringing back an empty property in to use, to supply good quality temporary accommodation for our Ukraine guests.		
Achievement of outcome Generating income for general fund		
Property Existing dilapidated property will fall into further disrepair and attract vandalism. Cost of upkeep and frequency of repair increases. Unforeseen asbestos may be encountered when the works are being undertaken.	Refurbishment works and bringing the property back in to use. An asbestos survey has been carried out, which will be within the quotation documents. A provisional sum for any unforeseen asbestos removal has been included within the figures reported.	Possible cost saving if no unforeseen asbestos is found.
Community Support		
Timescales Ongoing delay in delivery of the works could result in vandalism, reputational damage to the Council and frustration among those in need of the accommodation.	Continued programme of engagement and demonstration of commitment to provide completed property.	
Project capacity The Council is unable to deliver the works within existing resources	Provision of additional resources to deliver the works.	

11 SUPPORTING INFORMATION:

- 11.1 In December 2022, the Department of Levelling Up, Housing and Communities (DLUHC) launched the £500 million first round of the Local Authority Housing Fund (LAHF). A capital fund that supports local authorities

in England to obtain settled accommodation for families in housing need who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes.

- 11.2 In February 2023 the council submitted an expression of interest to DLUHC for the first round of the LAHF programme as set out in CAB3402 on 23 May 2023. The council was successfully awarded capital grant funding of £2,400,000 with the council expected to match fund to the value of £3,665,000 making the total scheme cost £6,065,000.
- 11.3 In March 2023 it was announced that the LAHF programme would be expanded by £250 million for a second round of funding. The majority of the additional funding is targeted at families on the Afghan and Ukraine Resettlement Scheme who currently remain in unsuitable bridging accommodation.
- 11.4 An element of the funding can/ will be utilised to reduce local housing pressures beyond those on Afghan and Ukraine resettlement schemes by funding and providing better quality temporary accommodation to families owed homelessness duties by the Council.
- 11.5 DLUHC launched its LAHF (Round 2) grant allocation opportunity in July 2023 and officers expressed an interest and proposed a plan to obtain a further 6 properties. The council have been successful in receiving a total capital grant funding allocation of £1,239,600 representing up to 40% of the cost of the property plus an allowance of £20,000 for repairs per property. The council is expected to match fund to the value of £1,559,400 making the total scheme cost of £2,799,000. This equates to a maximum amount of up to £466,500 per property.
- 11.6 LAHF round 2 enables the Council to acquire 6 properties, 4 for Afghan resettlement (individuals and families who have previously resided in bridging hotels) and 2 for temporary accommodation. The temporary accommodation can be occupied by Afghan Citizen Resettlement Scheme (including Eligible British nationals under this scheme (ACRS), Afghan Relocations and Assistance Policy (ARAP), Ukraine Family Scheme (UFS), Homes for Ukraine (HFU) and the Ukraine Extension Scheme (UEs). Due to anticipated demand, it is expected the council's intended use for this property will be for Ukrainians.
- 11.7 Proposal to do the works will bring an empty property back in to use, it will enhance the portfolio of available good quality temporary accommodation initially for Ukrainians and then for households that would otherwise be homeless, after there is no longer a need for Ukrainians to reside there.
- 11.8 The refurbishment of the property will provide sustainable housing to those on the Ukraine resettlement schemes at risk of homelessness so that they can continue to build their life in the UK, find or continue with their employment and integrate further into communities.

- 11.9 It will reduce local housing pressures beyond those on Ukraine and Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by LAs.
- 11.10 It will reduce emergency, temporary, and bridging accommodation costs.
- 11.11 It will reduce impacts on the existing housing and homelessness systems and those waiting for social housing.
- 11.12 The development proposes to accommodate 6 persons at any one time, this could be a mixture of couples or single persons. The occupants will be supported by the Council's Ukraine Team.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The council could choose not to proceed with the project. However, the property is in poor condition and will continue to deteriorate whilst unoccupied. Ongoing liability for Council Tax whilst unoccupied. Bringing back the property in to use will reduce the potential for further deterioration and Council Tax liability.
- 12.2 Alternative uses could be explored for the property, such as commercial lettings. Initial discussions with local agents advise there is limited market interest, and significant Capital investment would be required to attract interest.
- 12.3 Disposing of the property has been discounted as the neighbouring properties are within the Council's ownership. The council currently holds the property as an investment property (i.e., held for rental income and/or capital appreciation rather than a service objective).

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3402 Local Authority Housing 23rd May 2023

CAB3420 Local Authority Housing Fund/Additional Funding

CAB3393 Preventing Homelessness Grant Spending Plan 2023/24

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Financial Appraisal

Appendix 2- Equality Impact Assessment