

**Report for:** Cabinet Member decision

**Title:** Covid 19 Temporary Accommodation – Development of Ermine Road Site – Construction Contract Award

**Report authorised by:** David Joyce, Director of Housing, Regeneration and Planning

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**Ward(s) affected:** Seven Sisters

**Report for Key/  
Non Key Decision:** Key

**1. Describe the issue under consideration**

- 1.1 Following the start of the Covid-19 crisis the London Borough of Haringey has been providing accommodation for more than 600, mainly single, homeless people in emergency accommodation. This has primarily been in hotel accommodation. The contracts for this accommodation are not a secure long term arrangement (month to month arrangements), with the risk of providers now withdrawing from these arrangements as the hotel sector recovers from lock down. Therefore, there is an urgent need to provide more suitable, sustainable and 'secure' accommodation for the rough sleeping cohort which can take time to source.
- 1.2 As part of the process to identify alternative provision to hotel accommodation the Council's Property Team undertook an assessment of alternative meantime sites that could be used for housing and developed quickly. Ermine Road, which is 1600m<sup>2</sup> in area, was identified as the best of the available sites. This site is currently identified as being within Cross Rail 2 / new station allocation and is therefore not suitable as a 'permanent' housing development.
- 1.3 In order to deliver the project as quickly as possible to provide more 'secure' accommodation it has been assessed that using modular accommodation units is the quickest way of delivering the project and meeting these urgent needs. Modular accommodation has the benefit that it can be transferred to another site should the site have to be vacated for the development of Cross Rail 2.
- 1.4 This report seeks an approval to award a contract to Hill Partnerships Limited as the main contractor, under Public Contract Regulations (PCR) 2015, Regulation 32(2)(c) (negotiation without prior notification), to develop the Ermine Road site to provide accommodation for 39 people currently housed in emergency accommodation and office accommodation for support staff. The use of a direct award is considered expedient as tendering works will add significant delays to establishing the accommodation. Soft market testing of similar accommodation has

been undertaken and the cost of the Hill Partnerships units is consistent with those provided by other suppliers. However, there is added value which is described in Part B of this report that demonstrates value for money compared to another provider. The use of one supplier will also provide consistency of appearance for the development which is one of the stipulations of Planning Officers at a Pre-app meeting.

## **2. Cabinet Member Introduction**

- 2.1 Most importantly the development will quickly reduce the risk of the Council not being able to provide accommodation for some of its' rough sleeping cohort as contracts with hotels etc. near the end of their contract term. With the provision of 16 gifted units from the Hill Foundation and the 24 procured units the Council will be able to provide 39 residential units for the rough sleeping cohort and office accommodation for support services.
- 2.2 This report sets out an excellent opportunity to develop the Council owned brownfield site at Ermine Road into new purpose-built supported single person accommodation.
- 2.3 The new scheme design proposal works within the Council's Zero Carbon Policy reducing the carbon footprint of traditional residential accommodation by having carbon emissions 31% lower than the building regulations requirements, a Band A energy rating and being built to Future Homes standards.
- 2.4 Surveys have revealed that currently there is no power or water on the site and applications are in place to have these brought to site. The cost of this has been factored into the project cost plan. Temporary supplies can be established if the permanent supplies cannot be provided in time for the site being occupied.
- 2.5 A grant application is being prepared for submission to the GLA for the cost of the development to be paid for under the Rough Sleeping Accommodation Programme / Move On Programme, but there is no guarantee that this will be successful.

## **3. Recommendations**

### **For Cabinet:**

- 3.1 To approve an award of contract (up to the value stated in Part B of this report) to Hill Partnerships Limited (Hill Partnerships) as the main contractor, to develop Ermine Road site including the provision of 39 modular single person accommodation units and 1 office unit, as allowed under Regulation 32(2)(c) of the Public Contract Regulations and Council's Contract Standing Orders (CSO) 9.07.1d (all contracts valued at £500k or more may only be awarded by Cabinet) and CSO 9.01.2 g) (negotiated procedure without prior publication of an advertisement where Regulation 32 of the Public Contract Regulations are made out) to the contract sum as set out in Part B.

- 3.2 To delegate authority to the Director of Housing, Regeneration and Planning to approve any subsequent variations which may be required during construction provided that the contract figure does not exceed £3,050,000

#### **4. Reasons for decision**

- 4.1 The decision is required in order to urgently reduce the risk of the Council being unable to provide accommodation for 39 homeless people. Additional information is set out in Part B of the report. As stated in section 1 there is a risk that the current contracts for hotel accommodation may be withdrawn as the economy opens up leaving the possibility that there is no accommodation available for the people identified to occupy this modular accommodation.
- 4.2 The direct award of Hill Partnerships as Principal Contractor will help facilitate a speedy delivery of the project and provide a consistency of module being provided which is a requirement of the end user and planners.
- 4.3 Hill Partnership manufacture these units and are experienced in installing the units. They are able to provide the units within the required timescales, enabling the site to be handed over by the end of December 2020 (subject to planning).
- 4.4 Using a single contractor will mitigate any issues with warranties and liabilities, should they arise.
- 4.5 The project is to be awarded on a single stage Design and Build contract which will be priced as an 'all risk' contract. The defects liability period (rectification period) is 12 months. The contract is to be awarded on a fixed price basis. Further info is set out in Part B of the report.
- 4.6 The contract figure will include all construction costs, site establishment and management costs, contractors overhead and profit.
- 4.7 The project will help the Council fulfil its' Part 7 duties, homeless provision, under the Housing Act 1996.

#### **5. Alternative options considered**

- 5.1 Do Nothing - This was considered but rejected on the grounds that the current arrangements for providing accommodation for homeless people is not sustainable and the level of provision cannot be guaranteed. It is also likely that the current level of provision will reduce as the economy 'opens up' and hotels etc. market themselves to commercial customers.
- 5.2 Undertake a competition - The urgency of the requirement led to the decision not to tender the works, as this would add additional time, coupled with the fact that

information derived from soft market testing has shown that the use of Hill Partnerships offers value for money.

5.2 Other options discussed in Part B of the report.

## **6. Background information**

6.1 At the beginning of the Covid-19 crisis local authority chief executives received a letter from Luke Hall MP asking local authorities to take an expansive view of housing people affected by rough sleeping and homelessness. Since then, the Council has adopted the 'Everybody In' approach to house more than 600 people – mostly single adults - in emergency accommodation.

6.2 In June, Ministry of Housing, Communities and Local Government (MHCLG) directed local authorities to develop exit strategies to move people on from emergency accommodation into more settled accommodation. Local authorities have also been instructed to develop locally appropriate policies to determine who to offer accommodation to. The Homelessness Code of Guidance has also been updated to take account of the Covid-19 context.

6.3 The Council has developed an Exit Strategy which sets out our aspiration, projections and options for supporting people to move on from emergency accommodation. A policy to determine who will continue to be accommodated (the Rough Sleeping Discretion Policy) has also been developed.

6.4 The Ermine Road brownfield site was identified as a suitable location for the provision of modular accommodation units that are suitable for single people and can be allocated to the rough sleeping cohort. The development will also contain a unit that will be used as office accommodation so that security and support can be provided on a 24/7 basis.

6.5 The site will be low carbon with the units utilising technologies such as air source heat pumps in addition to good levels of insulation such that the units will have a 31% reduction of CO<sub>2</sub> compared to the building regulations

6.6 The development of the site will improve the drainage of the site with the provision of soft landscaping and blue roofs which retain any rainfall.

6.7 The outlook of the site will be improved with the units providing a street front in proportion to the existing housing and improving the amount of 'greening' in the area. Currently the site is hoarded with a concrete slab and two mounds contained within.

6.8 The site has previously been occupied by travellers which has led to a security guard being positioned on the site. The development of the site will mean that the need for a security guard can be dispensed with, saving the Council money.

6.9 The main scheme works have been designed to Stage 3 of the Royal Institute of British Architects (RIBA) Plan of Work 2020. The project consultancy team will not be novated and will remain client side for the duration of the project.

- 6.10 The contractor will be appointed via a single source procurement this will form the basis of the construction contract and allow the project consultancy team to analyse the contractor's proposal for due diligence and ensure that value for money is achieved.
- 6.11 The recommendation is to award the contract to Hill Partnerships in order to enable residential development on Ermine Road site to provide 'next steps' accommodation.

## **7. Contribution to Strategic Outcomes**

- 7.1 This project proposal supports outcomes as outlined in the Borough Plan 2019-23, in particular:

- **Priority 1 Housing** – The project will provide next steps accommodation for 39 single homeless people. The accommodation will be able to be provided in this location until the site is required for the development of Cross Rail 2, which currently is not expected to proceed for another 5 years.
- **Priority 2 People** – the people who will be located on the site are some of the most vulnerable within the Borough. The site will have support staff on site on a 24/7 basis to provide the maximum level of support.
- **Priority 3 Place** – the street scape will be improved by the addition of the residential units and landscaping works. It will also eliminate the potential for the site to be occupied by travellers which has happened before. The design of the site will also improve the rainwater drainage of the site.

## **8. Statutory Officers comments (Chief Finance Officer, Procurement, Assistant Director of Corporate Governance, Equalities).**

### **8.1 Finance**

- 8.1.1 The provision of these units is, in medium and long term, much more cost effective, sustainable and provides the quality and level of care some of the individuals need than keeping them in Travelodge.
- 8.1.2 The contract cost of £3.05m is fixed and will be funded from the HRA temporary homes acquisition budget.
- 8.1.3 Finance comment is as provided in Part B of the report.

### **8.2 Procurement**

- 8.2.1 The Head of Procurement has been consulted in these matters and is supportive of the recommendations proposed in this report.

- 8.2.2 Strategic Procurement can confirm the proposals to use CSO 9.01.2 g) (use of negotiated procedure without prior publication) is consistent with the requirements of PCR Regulation 32 in respect of urgency. The current contractual arrangements are on a month by month basis, leaving vulnerable people exposed to being made homeless and the Council having to find alternative suitable accommodation at short notice, in what is already a very limited market.
- 8.2.3 Strategic Procurement also recognises the value for money in respect of the proposal presented by the Hill Partnership (outlined in Part B of this report). It is therefore very unlikely another provider in the market would have been able to match or better the offer. Undertaking an alternate competition would have added time to the process, prevented the works being completed by the end of 2020 and likely would have arrived at Hill Partnership being the successful bidder in any event.
- 8.2.4 Strategic Procurement confirms the award of the contract is a Key Decision and Council's Contract Standing Orders (CSO) 9.07.1d (all contracts valued at £500k or more may only be awarded by Cabinet) applies.

### **8.3 Legal**

- 8.3.1 The Assistant Director of Corporate Governance notes the content of the report and the Assistant Director of Corporate Governance comment is contained in Part B of the report.

### **8.4 Equality**

- 8.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.
- 8.4.2 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 8.4.3 The proposed decision is to approve an award of contract to Hill Partnerships to develop the Ermine Road site to provide 39 modular units and one office unit to accommodate people who have been in emergency accommodation during the Covid-19 crisis. The objective of the proposed decisions is to safeguard the health and wellbeing both of both vulnerable individuals and the wider community. By providing modular accommodation, the Council is enabling people to practice social

distancing and isolation who would otherwise face challenges in doing so. The decision therefore helps to prevent transmission of Covid-19 in the community.

- 8.4.4 Those affected by the decision include people who had been street homeless.. We know that BAME communities, and Eastern European communities in particular, are overrepresented among this group. In addition, a disproportionate number of street homeless people have disabilities and/or long-term health conditions. As such, the decision represents a measure to mitigate the extent to which the Covid-19 crisis may exacerbate existing inequalities. Moreover, we know that older people and people with pre-existing health conditions are most vulnerable to Covid-19. The decision will help to prevent community transmission of the virus and therefore represents a measure to protect the health of these protected groups.
- 8.4.5 As an organisation carrying out a public function on behalf of a public body, Hill Partnerships will be required to have due regard for the need to achieve the three aims of the Public Sector Equality Duty, as above. Appropriate contract management processes and procedures will be implemented to ensure that the exercise of the contract does not result in contravention of the Public Sector Equality Duty.

## **9 Use of Appendices**

- 9.1 Appendix A – Part B

## **10 Local Government (Access to Information) Act 1995**

### **10.1 List of background documents:**

This report contains exempt and non-exempt information. Exempt information is under the following categories (identified in amended Schedule 12A of the Local Government Act 1972): Information relating to financial or business affairs of any particular person (including the statutory holding that information).