

Report to Cabinet

23 November 2023

By the Cabinet Member for Local Economy and Place

DECISION REQUIRED



Horsham
District
Council

Partially Exempt

Exempt Appendices under Paragraph 3 of Part 1 of
Schedule 12A to the Local Government Act 1972

Hills Cemetery Lodge Refurbishment and Decarbonisation Project

Executive Summary

Hills Cemetery Lodge is a residential property at the entrance to Hill Cemetery. The property was formerly occupied by a cemetery worker, but it is now surplus to Council requirements.

Given the proximity of the house to the Cemetery, it is considered undesirable for the Council to sell the property and therefore lose management control of the building. Different options were considered, and it was decided that the most appropriate future use would be as affordable housing, let on an Assured Shorthold Tenancy (AST) through the Council owned affordable housing company. The opportunity will also be taken to decarbonise the building by removing the oil-fired heating and replacing with an air source heat pump. Additionally, the access will be turned so that the approach to the house is from a small lane to the East rather than through the cemetery gates.

A budget of £225,000 was previously allocated to this project, but this has proven to be inadequate because of both the technical challenges of decarbonising a Victorian building and the desire to convert the house into a 4-bedroom accessible house, which would not otherwise be provided to qualifying households on the housing list. The Council could compromise on the extent of decarbonisation or the nature of the accommodation (four bedroom accessible). However, this route has been rejected because the decarbonisation works are in keeping with the Council's zero carbon policy and because this type of accommodation does not get provided by Registered Providers or the private sector.

The additional funding required for the project is available and will be vired from existing budgets. The virement will need to be approved by the Cabinet Member for Local Economy and Place. The Cabinet is requested to approve the award of the building contract which is over £250,000.

Recommendations

That the Cabinet is recommended:

- i) To award the contract for the building works to the highest scoring bidder on the terms contained in Appendix A

- ii) To delegate authority to the Director of Place, in consultation with the Head of Legal and Democratic Services, to finalise the terms of and enter into the building contract.

Reasons for Recommendations

To comply with the Council's constitutional requirements for approvals.

To enable building works to be carried out to Hills Cemetery Lodge.

Background Papers

None

Wards affected: Denne Ward

Contact: Brian Elliott Head of Property and Facilities 07468 708953

Background Information

1 Introduction and Background

- 1.1 Horsham District Council owns a portfolio of residential property, most of which is used as temporary accommodation to house people in housing need. However, the Council also owns a property at Hills Cemetery, which was previously used by a cemetery worker and is now vacant.
- 1.2 Consideration has been given to the different options for this property, which include the following (a) incorporating it within the Temporary Housing portfolio (b) disposal or (c) letting it on an Assured Shorthold Tenancy at an affordable rent to a family on the housing list. After careful consideration, Option (a) was dismissed because the house is at the gateway to the cemetery and not suitable for families on a temporary basis. Similarly, Option (b) was discounted because of the need to exercise control over the property, which would be lost if the house was sold. Therefore, the logical conclusion is to proceed with Option (c) and let the property on an AST at an affordable rent.
- 1.3 The house comprises a 3-bedroom house accessed via the main cemetery gate. It has an unusual configuration because it has three bedrooms upstairs and four rooms, including kitchen on the ground floor. A number of design iterations were looked at including the opportunity of converting the property into a 4-bedroom house, with the fourth bedroom and a wet room on the ground floor. This would be suitable for a family with a family member with reduced mobility. This is a more expensive option but 4-bedroom accessible houses at affordable rents are not being delivered by the market, despite demand existing for this type of accommodation. Therefore, this is an opportunity for the Council to provide a unit that would otherwise not be delivered by other means.
- 1.4 Also, the access to the house has been considered and the decision made to take the main access from a small lane to the east of the property, which means that it can be separated from the cemetery.
- 1.5 The house is a Victorian two-storey three bedroom detached house which is in poor condition and has an EPC of E. The property is heated with an oil-fired heating system.
- 1.6 Building Surveyors Crowther Overton-Hart (COH) were instructed to design a scheme to convert the building into a 4 bedroom accessible property fit for use by a family member with impaired mobility and to decarbonise the building by making it all electric and removing the oil system. Planning permission was granted to these works at the 4th July 2023 Planning Committee.
- 1.7 The total approved budget for the project including fees is £225,000 which is below the key decision threshold.
- 1.8 A tender was held in August and the best bidder's price was above the approved budget (see appendix A (exempt)). Discussions have taken place with the contractor to value engineer the project, but significant reductions cannot be achieved, without compromising the scheme.

- 1.9 Given that the contract sum will be in excess of £250,000, this becomes a key decision and Cabinet approval is required.
- 1.10 This report requests that Cabinet approves the contract award for the works at Hills Cemetery Lodge as set out in Appendix A (exempt).

2 Relevant Council policy

2.1 The project helps the Council with the following policies:

- **Improve access to affordable housing**
- **Inspiring Greener Futures**

3 Details

- 3.1 Hills Cemetery Lodge is a 3-Bedroom, Late Victorian built property situated at the entrance to Hills Cemetery. There was an extension made sometime in the mid-20th Century. The property has no gas and an oil-fired boiler is the primary heat source.
- 3.2 When substantial works are undertaken to properties it is necessary to upgrade them to comply with Building Regulations. Horsham District Council also has a policy to be Carbon Neutral for all emissions under its direct control by 2030. Therefore, the works will incorporate extensive additional insulation and air source heat pump technology.
- 3.3 The works comprise the following:
- Reconfiguration of the Property into a four Bedroom Property suitable for Assisted Living:
 - Installation of a Wet Room.
 - Reconfiguring downstairs layout into an open plan layout and removing the chimney to increase usable internal floor space.
 - Levelling the ground floor.
 - Installation of an accessible ramp and doors to enable wheelchair accessibility throughout the ground floor.
 - Energy Efficiency Measures:
 - Removing the existing Oil Heating system and installing an Air Source Heat Pump (ASHP).
 - Improving the insulation of the property, which is being achieved by lining the internal walls with insulation material and renewing windows. Cheaper external cladding is not suitable because of the architectural merit of the building.
 - Separating the Lodge from the Cemetery:
 - Changing access to the property so that it is off the drive to the side rather than the Cemetery.
 - Demolishing outbuildings to the back to create a car space.

Planning permission was granted following Planning Committee on 4th July for the external works.

- 3.4 Tender documents were prepared and sent to 5 selected bidders on the Council's e-tendering portal as per the Council's procurement code. The bidders were contacted prior to the tender and expressed interest in making a bid. The tender lasted 4 weeks with deadline for submissions on 15th August 2023. The results of the tender process are set out in Appendix A.
- 3.5 The works are expected to take 16 weeks, with a 6 to 8 week lead in time following contract award. Steps will be taken to ensure any disruption is kept to a minimum and access to the Cemetery will always be maintained.
- 3.6 As the best tendered price is over £250,000, Cabinet sign-off is required to be able to enter into the contract with the successful bidder.

4 Next Steps

- 4.1 Formal contract award to the successful tenderer. A start date for the works then to be agreed with the contractor.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The following groups were consulted during the design process:

- Denne Neighbourhood Council were consulted on the design and supported the chosen design.
- HDC housing Team, who confirm that the property meets the needs of a 4 bedroom accessible house.
- Policy Development and Advisory Group for Local Economy and Place who noted that the cost was not insignificant but that it was preferred to retain the property and thereby keep control.

The Director of Resources was consulted as part of the funding approval process.

The Cabinet Member for Finance & Resources has approved the virement of funds from other budgets that would not otherwise be used this year, in order to fund the budget gap.

6 Other Courses of Action Considered but Rejected

- 6.1 See matters considered under paragraph 1.2.
- 6.2 A comparison exercise was undertaken to review the cost of providing a 3-bedroom house rather than a 4 bedroom adapted house. Working with the consultants and proposed contractors it was established that a cost saving of c£50,000 could be achieved by reducing the scope of the works to a 3-bed home only. However, this would also reduce the rental level that could be achieved by £4,140 pa, net of management fees. The financial return on the additional £50,000 would therefore be +8%, which is an acceptable return.
- 6.3 The overall financial return is set out in the exempt appendix.

7 Resource Consequences

- 6.1 Funding for this capital scheme will be vired from existing budgets approved for the capital expenditure process for 2023/24.
- 6.2 There are no staffing consequences as a result of this scheme. Works are to be managed within existing staff resource.
- 6.3 The rental from the property will, after management costs, generate an income to the Council which provides a return on the capital expended, see Appendix A.

8 Legal Considerations and Implications

- 7.1 The Monitoring Officer is satisfied that (i) the cabinet has the authority to award the contract to the winning bidder, and, (ii) the decision to undertake the building works and subsequent let of the unit sits within the Council's policy framework.
- 7.2 The Council has the power to undertake the subject works pursuant to its general power of competence contained in the Localism Act 2011.

9 Risk Assessment

- 8.1 Normal risks associated with a small construction project, such as planning, programme, cost control, construction risks and consultation risks. A detailed risk register has been prepared by both the client and the contractor as part of the tender process.

10 Procurement implications

- 10.1 The procurement team were consulted during the procurement process and the procurement is compliant with the Council's procurement rules.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 The works will improve living conditions for disabled residents of the district by providing a living space tailored towards their requirements.

12 Environmental Implications

- 12.1 This project will decarbonise the building by removing all fossil fuel heating from the property along with reducing its energy consumption.

13 Other Considerations

13.1 This project will have no GDPR, Data Protection or Crime & Disorder implications.