

EXECUTIVE COUNCIL

PUBLIC

Title:	Additional Investment in Government Housing
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Responsible Director:	Director of Public Works
Report Author:	Deputy Director of Public Works
Portfolio Holder:	MLA Roger Edwards, MLA Barry Elsbey
Reason for paper:	This paper is submitted to Executive Council: For policy decision (including budgetary policy – increase in capital funding in 2018/19)
Publication:	Yes with redactions highlighted in grey <i>Under Executive Council Standing Order 23(2), Executive Council must have regard to the categories of exempt information in Schedule 3 to the Committees (Public Access) Ordinance when determining if information should be withheld</i> <i>The categories which are potentially relevant to this paper are:</i> <i>Paragraph 10: Information about relevant contracts and negotiations</i>
Previous papers:	173/13
List of Documents:	None

1. Recommendations

Honourable Members are recommended to approve:

- (a) Additional capital funding to allow the construction of a further 10 Government houses on the Sapper Hill development (Phase 5) – Option 2 of this paper.
- (b) Officers to investigate options for medium term private rental properties to supplement the FIG housing portfolio.

2. Additional Budgetary Implications

	2017/18	2018/19	Total Project
Capital Budget	REDACTED		REDACTED
Operational Budget		£10,000	

3. Executive Summary

This paper requests that Members should grant additional funding (**REDACTED**) from the capital works programme to allow for the construction of a further 10 Government houses on the Sapper Hill development (Phase 5).

4. Background

- 4.1. Approval was granted in ExCo paper 173/13 to proceed with a programme of the construction of Government housing on the Sapper Hill development along with the creation of an expanded Mobile Home Park at Murray Heights.
- 4.2. These developments have progressed and the number of Government houses has increased from 232 properties in 2013 to 309 properties (including sheltered accommodation).
- 4.3. However, demand for Government housing has continued to increase. The current provision is only just satisfactory in terms of contract workers and remains inadequate in terms of local provision, with 23 residents currently on the FIG housing list (34 at the time of the 2013 paper).
- 4.4. In 2013 the contract work pool consisted of 90 properties; it is now 152 properties, with just 11 properties vacant. In 2013 the local housing pool (including sheltered accommodation) consisted of 142 properties; it is now 158 properties, with 22 properties vacant (however, several of these require extensive refurbishment before re-occupation).
- 4.5. A recurring capital budget of £450,000 is presently allocated (on 0955-3020) and this is adequate to provide three additional properties per year. This falls short of the expected increase in contract workers, let alone addressing the local housing need.
- 4.6. There are 10 allocated plots for FIG in Sapper Hill Phase 5.
- 4.7. A revised Housing Needs Review is due to be published shortly, which will inform Members regarding the future housing needs and therefore funding requirements. However, prior to this being made available, PWD seek additional capital funding in 2017/18 to accelerate the current programme. The approval of the funding will allow the tender to be completed and issued before the end of the financial year. This in turn will

allow an earlier start on the ground works and therefore an earlier delivery of the properties.

- 4.8. Other options may exist within the local market to assist with the currently unknown Housing need. There is at least one private sector company that has properties available to rent. It is proposed that as well as the construction of the 10 houses on Sapper Hill, Officers are authorised to investigate options for an extended period of private sector rental to supplement the current FIG housing stock until we are satisfied that we can meet the need internally.

5. Options and Reasons for Recommending Relevant Option

5.1. Option 1 – No additional funding

The £450,000 funding from 2017/18 has been committed to construction of 3 additional properties in Sapper Hill Phase 5, and the existing funding from 2018/19 will likewise fund the construction of 3 additional properties. No further work would be undertaken until late in 2019/20. This would mean either a number of the allocated FIG plots remaining empty, or being sold.

5.2. Option 2 – Provide an additional £ REDACTED funding

The existing allocated funding will be combined with the additional funding (totalling £ REDACTED) and this will be sufficient to construct 10 Government properties in Sapper Hill Phase 5. Review the situation when the Housing Needs Review is published and revise the programme delivery accordingly. All FIG allocated plots in Phase 5 would have properties constructed on them.

5.3. Option 3 – Bring forward the £450,000 funding allocated for 2018/19 and 2019/20 to 2017/18, but not allocate any additional funding

The existing funding (totalling £1,350,000) may be sufficient to construct 6 x 2 bedroom semi-detached houses and 4 x 1 bedroom flats in Sapper Hill Phase 5. No further work would be undertaken until late in 2020/21.

5.4 Option 4 – To allow Officers to explore the options of private sector rental to supplement the current portfolio.

This will allow officers to approach the private sector property owners to investigate the option of taking on private sector rentals to supplement the FIG housing portfolio. Doing this will allow FIG properties to remain offline for required maintenance to be completed and still provide the level of service required.

There is still pressure on Government housing, as the number of FIG employees continues to grow, and the number of households in Stanley increase. Very recently there have continued to be planning applications (some of which have been refused) for the siting of additional “temporary” accommodation within existing housing plots in central Stanley. Approval of these properties now will not see them ready for occupation for at least 18 months. For this

reason, in order to ensure that FIG is not caught out by a critical lack of housing, PWD recommend that this additional funding is made available now to construct these properties.

If, following the Housing Needs Review, the completion of the current housing construction programme, and the completion of the Vulnerable Peoples Extra Care Unit it becomes evident that FIG own an excess of property it would be proposed (but, clearly subject to a further consultation and ExCo paper) to dispose of a number of the older properties (mainly those that require extensive refurbishment). This would, potentially, allow residents to obtain properties in need of refurbishment which they could “do up” themselves, and alleviate the need for further investment from FIG.

It is recommended that Option 2 be progressed

6. Resource Implications

6.1. Financial Implications

There is a recurring capital budget of £450,000 allocated to 0955 3020 for Government Housing Construction. The recommended option would increase the current allocation by an additional £ **REDACTED**.

Once there properties are completed then there will also need to be an increase in the operating budget to manage and maintain the additional assets. As the assets will be new the estimate is only £1000 per property per annum.

Option 4 will not require any further funding and the expectation is that any private sector rentals would have to be managed within the existing operating budget.

6.2. Human Resource Implications

In the period 2013 to 2015 there was a critical shortage of contract worker housing in Stanley which impacted of FIG’s ability to recruit. If this is to be avoided suitable accommodation must be available to match the anticipated flow of contract workers. The inability to accommodate contract worker will impact on FIG’s ability to secure workers in post in a timely manner. This knock on effect is that key service outcomes may be affected due to delays in officer being able to take up post.

6.3. Other Resource Implications

Construction of housing on the Falkland Islands takes time, and is difficult to accelerate. It is extremely difficult to react swiftly to a requirement of this nature, and so a prudent approach is to ensure that early planning is undertaken to anticipate future needs. It is unlikely that the construction industry in Stanley could undertake an accelerated programme over and above this recommended option.

7. Legal Implications

None

8. Environmental & Sustainability Implications

The Sapper Hill development has already been assessed as suitable for housing development. If FIG reach to point where sufficient housing is available, it would then become practical to begin a programme of upgrade and refurbishment to the existing housing stock (if that was deemed desirable) which would improve the energy efficiency of the older non-compliant stock and reduced fuel consumption, and hence overall emissions.

9. Significant Risks

There is a risk that, despite approval, no suitable contactor can be found to undertake these works in a timely manner. There is also a risk that the project could be completed, but significantly over-budget. These risks will be controlled by PWD and the scheme adjusted accordingly.

10. Consultation

None

11. Communication

None