

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

29 NOVEMBER 2012

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION

Housing & Community Safety – Lead Cabinet Member - Councillor S Nelson
Adult services and Health – Lead Cabinet Member – Councillor J Beall
Regeneration and Transport – Lead Cabinet Member – Councillor M Smith
Corporate Management and Finance – Lead Cabinet Member – Councillor D Harrington

EXTRA CARE HOUSING - BILLINGHAM

1. Summary

To update Members on the proposed new Extra Care housing development in Billingham and to seek approval for the sale of the current 'car park site' (as detailed in para. 3 of this report) for this purpose.

The report also provides an update on the proposed 'like-for like' car parking re-provision.

2. Recommendations

Cabinet are asked to:

1. Subject to planning approval being granted, agree to dispose of the 'car park site' (as detailed in paragraphs 3 and 11-13) for the purpose of a mixed tenure extra care housing scheme.
2. Acknowledge that to develop a financially viable Extra Care housing scheme it will be necessary to sell the site at less than its un-restricted market value. On this basis members are asked to approve (subject to planning approval being granted) the sale of the site at an 'undervalue'. Whilst it is anticipated that there will be no initial capital receipt, disposal terms will include the provision for sharing future profits should any be generated from the granting of long leaseholds (i.e. sale units).
3. Delegate approval for the terms of disposal to the Corporate Director of Resources in consultation with the Cabinet Member for Corporate Management and Finance.
4. Support the proposals for the re-provision of 'like for like' car parking to the rear of Billingham Community Centre (as identified in **Appendix 1**). The cost of the proposed car parking re-provision is estimated at £230,000 which will be considered as part of the 2013/14 budget report.

3. Reasons for recommendations/decisions (s)

To enable the development of a new, quality Extra Care housing scheme in the Billingham area thereby addressing the housing, health and social care needs of older (and vulnerable) people

within the Borough as detailed within the Councils Sustainable Community, Housing and Older Peoples Strategies.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code).

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SUMMARY

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The report also provides an update on the proposed 'like-for like' car parking re-provision.

RECOMMENDATIONS

Cabinet are asked to:

1. Subject to planning approval being granted, agree to dispose of the 'car park site' (as detailed in paragraphs 3 and 11-13) for the purpose of a mixed tenure extra care housing scheme.
2. Acknowledge that to develop a financially viable Extra Care housing scheme it will be necessary to sell the site at less than its un-restricted market value. On this basis members are asked to approve (subject to planning approval being granted) the sale of the site at an 'undervalue'. Whilst it is anticipated that there will be no initial capital receipt, disposal terms will include the provision for sharing future profits should any be generated from the granting of long leaseholds (i.e. sale units).
3. Delegate approval for the terms of disposal to the Corporate Director of Resources in consultation with the Cabinet Member for Corporate Management and Finance.
4. Support the proposals for the re-provision of 'like for like' car parking to the rear of Billingham Community Centre (as identified in **Appendix 1**). The cost of the proposed car parking re-provision is estimated at £230,000 which will be considered as part of the 2013/14 budget report.

DETAIL

Background

1. Extra Care housing is generally housing designed with the needs of older people, generally those over 55 years of age, with varying levels of care and housing related support available on one site (24 hours a day 365 days of a year). Accommodation of this nature provides a genuinely safe environment for residents and is a popular choice among older

people. For Stockton Council it can be seen as a strategic alternative to older models of residential care provision and also include a base for community health services, outreach services and intermediate and rehabilitative care. The key principle of Extra Care housing is that it enhances the quality of life for residents by promoting independence, choice, control and social well-being¹.

2. As Members will recall, the need for additional units of Extra Care Housing provision within the Billingham area was originally identified as part of the larger Integrated Health and Social Care project. The PFI credits the Council was aiming to secure would in addition to the Integrated Health Facility have included the development of a 50 unit two-bedroom Extra Care scheme.
3. As part of the Integrated Health and Social Care bid preparation work, an exercise was undertaken to identify a suitable location for the proposed Extra Care scheme. An extensive range of potential site options across the Billingham area were considered (including those both within the Council's ownership and also those owned by third parties). Following this exercise the current schemes proposed location was identified, and as reports to previous Cabinet meetings have set out this is the 'car park' site adjacent to Billingham Community Centre. This site was deemed suitable for a number of reasons including for example its proximity to local amenities and bus routes.
4. Whilst the Council was unsuccessful in its bid for PFI credits, Vela (a north east Housing Group formed in 2010 following the partnership of two social landlords, Tristar Homes Limited and Housing Hartlepool) have secured £1.2million funding from the Homes and Communities Agency (HCA) therefore making this proposed new development a financially viable proposal once again.

The need for additional units of Extra Care Housing

5. In common with the rest of the country, the population in Stockton on Tees is ageing and in 2011 it was estimated that of our population, 30,000 people were aged 65 or over. This is projected to grow by 25% in the next 10 years and it is estimated that by 2025 1 in 5 adults in the Borough will be over 65 years of age. Increasing numbers of older peoples specifically the more 'frail' elderly will place an increasing demand on social, health and housing services if we are not able to deliver appropriate housing and care solutions.
6. At the present time there are three socially rented, extra care housing schemes in the Borough collectively providing 142 units of accommodation - Aspen Gardens (Hardwick), Parkside Court and Meadow Field House (both in Thornaby). All are very successful and demand from elderly and other vulnerable groups outstrips current availability.
7. The provision of an extra care scheme in Billingham continues the role established by the Council in promoting the capacity of increasingly frail and elderly people to maintain a tenancy and therefore enhance their opportunity for continued independence. At this present time there are no Extra Care Housing schemes within the Billingham area.

The proposed new Extra Care scheme

8. The proposed site offers excellent proximity to Billingham Town Centre, local transport routes and other community/ local facilities. The Vela proposal is for a new build development apartment scheme that will provide 56 units of accommodation (52 x 2 bedroom and 4 x 1 bedrooms). In summary:

¹ Social well-being in extra care housing: Joseph Rowntree Foundation (2007).

- All apartments will be self-contained (i.e. will have their own front doors to ensure independent living);
 - There will be an assisted bathroom providing bathing facilities for residents with specific bathing requirements;
 - Guest facilities will be provided (for the use of visiting family members);
 - Appropriate staff/management office accommodation will be available on site;
 - There will be furnished lounge and hobby areas for residents;
 - Gardens will be landscaped and there will be appropriate car parking facilities; and
 - There will be a range of communal facilities which will also be open to the public for example bistro/dining facilities.
9. Unlike other current Extra Care schemes in the Borough, this will be a mixed tenure with units available for affordable rent, affordable homeownership (for example equity share) and outright sale. As a result this scheme would offer 'choice' for older residents in terms of the potential tenure options, whilst also addressing housing need.
10. The proximity of the proposed scheme to Billingham Community Centre also offers learning opportunities for scheme residents.

Funding the scheme

11. The total scheme cost of this proposed new build scheme is anticipated to be in the region of £5.5 – £6million. Of this Vela have secured £1.2million from the HCA, this will deliver 30 units of accommodation for affordable rent and 15 for affordable home ownership. The remaining 11 will be made available on an outright sale basis.
12. As Cabinet are aware, the HCA has driven down the level of grant awarded to Registered Housing (RPs) providers over recent years. In order to fund the development of new affordable housing the HCA expects that (and as is the case here) that income from units for sale will be 'offset' to pay for additional affordable housing units. In addition the HCA expects RPs to invest their own resources and that the enabling Local Authority also makes best use of its assets, for example by the sale of land at less than open market valuation (if evidenced as both necessary and appropriate).
13. The value of the cleared site, with no restrictions, is currently in the region of £400,000 (assuming there are no significant abnormal costs of development). To make this scheme financially viable it is proposed (subject to satisfying the statutory requirements) that the Council sells the site at an undervalue.

Proposed car parking re-provision

14. In order to ensure ongoing and appropriate levels of car parking provision in the four town centre areas a Borough wide parking strategy is current being developed. The principle aim of this study is to devise a comprehensive strategy to shape the future provision, management and maintenance of parking facilities within the Borough. The car park adjacent to the Community Centre will form part of the study. Initial surveys have indicated that the usage of this car park only reached a maximum of 58% of its capacity and that it had the lowest turn over of spaces, suggesting it is the least popular car park for shoppers and short stage visitors. This is likely due to its distance from the shopping square and that as a result it is occupied for long stay parking.
15. As part of the Extra Care scheme it is proposed to re-provide this car parking on a 'like for like' basis (87 spaces) to the rear of the existing Billingham Community Centre. On this basis car parking will be retained for current town centre visitors and just as importantly will ensure suitable car parking for Tees Achieve customers, employees and others attending community learning sessions in Billingham Community Centre.

16. However, until the Borough wide parking strategy is concluded only part of the surface would be fully constructed with macadam, the remaining bays would be formed with a temporary construction. This solution has been proposed to avoid any over-provision of car parking until the actual needs of the town centre are established. On agreement of the level of car parking required in the vicinity of the Community Centre all required spaces would be permanently surfaced.
17. The layout detailed in **Appendix 1** indicates how the car park can be positioned on site and still retain the important trees that are visually prominent within local views. For budgetary purposes this layout has been costed at around £230,000. This is an estimate based on a provisional layout of 87 spaces and costs will be firmed up as the detailed design progresses.
18. It is intended subject to the granting of planning permission, that the car park be constructed and in use prior to the commencement of work on the Extra Care Centre scheme.

Proposed next steps and timescales

19. Vela Homes are recently completed the second of two pre-planning public consultation events and a planning application has now been submitted. On the assumption that planning approval is granted, then start on site for the Extra Care scheme will commence in March 2013. It is anticipated that the scheme will take approximately 18 months to complete, we therefore anticipate initial lettings/sales taking place summer/early autumn 2014.
20. The care related support contract for the new scheme will form part of a future tender (based on the specification developed for our existing schemes). It will be programmed in the commissioning plan to ensure a provider is in place to support initial letting and the promotion of the scheme. The tender will include both social care and housing support within the same process.

FINANCIAL IMPLICATIONS

21. The cost of the re-provision of car parking as detailed at paragraph 17 is estimated at £230,000 and this will be considered as part of the 2013/14 budget report.
22. Assuming a balance of high, medium and low levels of needs, the scheme will need approximately 600 hours to support up to 45 affordable housing rents / homeownership at an annual revenue cost to the Council of £322,000. This will be funded from the existing home care budget with efficiencies achieved through a competitive rate for care and the opportunity for reduced care packages due the environment offered in the scheme.
23. Housing Related Support funding for the scheme will be need to be identified.
24. Additional support for those units for outright sale or part ownership will be measured on the same basis.

LEGAL IMPLICATIONS

25. Section 123 of the Local Government Act 1972 states that Councils, "except with the express consent of the Secretary of state", cannot dispose of land other than by way of short tenancy i.e. grant of a term not exceeding 7 years) for a consideration less than the best can be reasonably obtained in the market.
26. The 1972 Act however authorised the Secretary of State to issue General Disposal Consents covering particular types of cases and a number of these are in place. Once the detail of the proposed disposal has been confirmed, the Head of Legal Services will be able

to advise whether the disposal falls within one of the general consents or whether specific approval of the Secretary of State will need to be sought.

27. The European Commission's Communication on State Aid elements in Sales of Land by Public Authorities makes it clear that a sale of an interest in land by the Council to another body such as a Registered Housing Provider, at an undervalue can constitute unlawful state aid. It should be noted that land sold at less than market value may constitute a state aid even if the recipient has agreed to undertake certain improvements or other investments in connection with the land in question.
28. Consequently the indirect provision of financial assistance to Vela through the sale of land at an undervalue will need to be managed in accordance with the state aid rules. This will mean that the sale will need to be conditional upon satisfying conditions around the provision of affordable housing on the site.

RISK ASSESSMENT

29. The proposed development of this new Extra Care housing facility is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

30. Extra Care housing will have a positive impact on the following Sustainable Community Strategy themes:
 - **Economic Regeneration and Transport:** the investment of a further £5.5 - £6million into the Billingham area will support the broader growth and redevelopment of the Billingham town centre. The car parking re-provision proposals will ensure the needs of community centre users, staff and visitors to Billingham town centre are addressed.
 - **Safe Communities:** the scheme will be designed to provide a safe and inclusive environment.
 - **Healthier Communities and Adults:** the scheme will have a direct impact on addressing the needs of a growing elder population.
 - **Environment and Housing:** the 56 additional units of accommodation will address identified housing need both for current and future generations of older people.

Supporting themes:

- **Stronger communities:** the inclusiveness of an Extra Care housing facility will help foster a sense of pride by scheme residents.
- **Older Adults:** as highlighted previously this proposal will address both growing care and housing needs of older adults of our Borough.
- **Arts, Leisure and Culture:** the development proposals will incorporate high quality design.

EQUALITIES IMPACT ASSESSMENT

31. This report is not subject to an Equality Impact Assessment as it does not relate directly to a change of policy strategy or service delivery.

CONSULTATION INCLUDING WARD/COUNCILLORS

32. As part of the pre-planning consultation undertaken by Vela, two public consultation sessions were held. Both sessions were both well attended. Invitations to these events were also shared with local ward members (for the Billingham Central ward). Cabinet members for Housing and Community Safety, Regeneration and Transport and Adult Services and Health have also been provided with updates as the scheme (and car parking re-provision) proposals have progressed.

Corporate Director of Development & Neighbourhood Services

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Background Papers

None

Education Related

No

Ward(s) and Ward Councillors:

Billingham Central: Councillor Mrs McCoy and Councillor Woodhouse

Property

As detailed within the body of this report, approval is sought to dispose of the car park site to Tristar Homes (part of the Vela housing) to facilitate the development of Extra Care housing in Billingham.