

AGENDA ITEM

REPORT TO COUNCIL

6TH NOVEMBER 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CARE READY RETIREMENT HOUSING (BILLINGHAM)

SUMMARY

To seek approval for the sale of the 'car park site' (directly adjacent to Billingham Community Centre) for the provision of a mixed tenure, 'Care Ready', retirement housing scheme and to seek support for an additional one-off resource to fund the necessary car park re-provision.

As referred to in the minute extract at **Appendix B** Cabinet agreed the following recommendations:-

1. Approve, subject to the Vela Group securing planning consent to dispose of the 'car park site' (car park directly adjacent to Billingham Community Centre) for the purpose of a mixed tenure 'Care Ready' retirement housing scheme.
2. Acknowledge that to secure a financially viable affordable housing scheme it will be necessary to dispose of the site at less than its un-restricted market value. On this basis Cabinet is asked to approve (subject to Vela securing planning consent) the sale of the site at an 'undervalue' in accordance with the General Disposal Consent. 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. the sale units).
3. Delegate approval for the terms of the disposal to the Corporate Director of Resources in consultation with the Cabinet Member for Corporate Management and Finance.
4. Recommend to Council approval of an additional £170k from capital one-off resources (in addition to the £230k already set aside) to fund 'like for like' car parking re-provision to the rear of Billingham Community Centre. The revised cost of the new car park is £400k as detailed in paragraph 13 of this report.

RECOMMENDATION

Council are asked to:

5. Approve an additional £170k from capital one-off resources (in addition to the £230k already set aside) to fund 'like for like' car parking re-provision to the rear of Billingham Community Centre.

DETAIL

Background

1. As members will recall, a previous report was presented to Cabinet (November 2012) which sought approval for disposal of the same site (the car park site directly adjacent to Billingham Community Centre) for a 56 unit mixed tenure Extra Care Housing scheme and to support funding to provide like-for like car parking re-provision. Whilst Cabinet supported the need for accommodation of this nature (and the necessary car parking re-provision), the proposed new housing scheme did not secure planning consent and therefore did not proceed.
2. In light of changing demographics in the Borough (specifically an increasing aging population) and the continued demand for people to live independently in a home of their own; there is a clear need for additional elderly person's supported accommodation in Billingham that will complement the Boroughs three current Extra Care schemes (at Hardwick and Thornaby). Inevitably unless we are able to address this imbalance there will be increasing demands placed on housing, social care and health budgets. On this basis, further discussions have taken place between Housing/CESC colleagues and the Vela Group to consider alternative older persons housing schemes and if possible to identify alternative locations in the Billingham area. As it has not been possible to identify a viable alternative site within the Billingham area, a new older person's housing scheme for the same car park site has been worked up with Vela.

The new proposal – 'Care ready' Retirement Housing

3. The new proposal is for a 38 unit 'Care Ready' Retirement Housing scheme (providing a range of 1 and 2 bedroom self contained properties). It is much smaller than the previous Extra Care proposal (which was 56 units) and will not offer the same range of facilities; however the reduced height, scale and mass of this new proposal should address the concerns previously raised by residents neighbouring the site.
4. The new proposal does not include guest facilities, a bistro or on site ancillary services such as a hairdresser and as such cannot be classified as Extra Care. However it will still retain the following features:
 - Self-contained apartments (i.e. all 38 units will have their 'own front door' and will continue to support independent living);
 - An assisted bathroom (providing bathing facilities for residents with specific bathing requirements);
 - Appropriate staff/office accommodation;
 - Buggy store (for electric wheelchairs etc);
 - Furnished lounges and hobby areas for residents; and
 - Private landscaped gardens and on-site car parking (sufficient for residents, staff and visitors).
5. The new scheme will continue to allow all properties to be 'care ready' i.e. each residents care and housing related support services will be able to adapt quickly should individual care needs change. As such the scheme will promote health, well-being and independence for older people with the overarching aim of preventing (or as a minimum delaying) the need for accommodation and care in a registered care home. A scheme of this nature will make a positive contribution to a wide range of health, social care and public health outcomes.

6. Of the 38 units it is proposed that 28 would be made available for affordable rent, 5 on a shared ownership basis and 5 for outright sale. Whilst this would be the first older persons housing scheme to offer this tenure mix/choice within the Borough other examples do exist in neighbouring authorities.
7. The proximity of the housing scheme to Billingham Community Centre also offers learning opportunities for scheme residents as well as the option of using the café facilities (currently run by BCT Aspire a local social enterprise company).

Funding the scheme

8. The total scheme cost of the 'Care Ready Retirement Housing' scheme is anticipated to be in the region of £3.5million. Vela have recently been notified that they have successfully secured £366,000 from the Homes and Communities Agency (HCA) 'Affordable Homes Rent Guarantee Programme' (a new funding pot).
9. As reported to Cabinet in November 2012, Government via the HCA has driven down the level of grant awarded to Registered Housing (RP) providers over recent years and as such RPs are expected to fund the development of new homes via a mixture of rental income, reserves, borrowing and as is the case here income from sale units. At the same time the HCA also expects local authorities to make the best use of their assets which includes the sale of land at less than open market value (if evidenced it is both necessary and appropriate).
10. A valuation exercise has been undertaken to assess the value of the land which the Council is considering to dispose of in accordance with the requirements of the Local Government Act 1972: General Disposal Consent (England) 2003. The unrestricted value of the cleared car park site (which is the best price reasonably obtainable for the land with no restrictions) is £400,000 (this assumes no significant abnormal cost 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. The valuation will be reassessed prior to the actual disposal to ensure that the current assumptions remain appropriate.

Proposed car parking re-provision

11. Prior the November 2012 Cabinet the survey of the car park concluded that its usage reached only a maximum 58% of its capacity and as the Borough wide parking strategy was yet to conclude, members supported the proposal for 'like for like' car parking (in terms of numbers) and agreed to construct part of the new car park with macadam, with the remaining bays to be formed with a temporary construction. This solution was proposed to avoid any over-provision of car parking until the actual needs of the town centre were established. On this basis Cabinet supported £230k of capital resources to be set aside for this purpose.
12. In the intervening period, Technical Services have advised that to ensure on-going and appropriate levels of car parking provision for Billingham Town Centre it is now appropriate that a permanent car park is provided on a 'like for like' basis. The existing car park site currently provides 87 spaces, the proposed new car park to be relocated to the rear of the existing Community Centre (see **Appendix A**) will provide 89 spaces including 4 disabled spaces. This 'like for like' re-provision will ensure car parking is retained in the town centre for visitors as well as ensuring suitable car parking for Tees Achieve customers, employees and others attending community learning sessions in Billingham Community Centre.
13. The proposed layout (**Appendix A**) indicates how the car park would be positioned and still retain the important trees that are visually prominent. It would built to SBC standards,

benefit from street lighting and be served by CCTV which would be monitored by the Councils surveillance centre. In addition it would include improved footpath linkage both within the car park and to the Causeway. As a result of the current need to make all 89 spaces permanent and to include the features detailed the revised costing is £400,000.

Proposed next steps

14. This report was considered by Cabinet on the 3.10.13 and all recommendations were supported (decision record D130098). On the assumption that Council supports the recommendation of an additional capital one-off resources both the Vela Group and Technical Services have confirmed that they will be in a position to proceed with submitting a planning application (in tandem). Once both have secured planning permission, the car park re-provision will then commence and only when complete will the 'original' car park site be released to Vela for their development to commence.
15. A definitive timetable which incorporates both developments is currently being drafted (to take into account of planning, tender and build timescales etc.), however it is anticipated that once Vela commence works the build time for the new housing scheme will be 12 months. Once a firm timetable is agreed copies will be shared with Billingham ward members and appropriate Cabinet members.

FINANCIAL IMPLICATIONS

Cost of the car park re-provision:

16. As part of the Medium Term Financial Plan and Strategy Cabinet report (February 2013) £230k was set aside for the initial car park proposal. As detailed in paragraph 13 the revised costing of the permanent car park is now £400k. Members are asked to recommend to Council approval of an additional allocation of £170k from capital one-off resources for this purpose.

Sale of the site:

17. As detailed in paragraphs 9 and 10 to make this scheme financially viable it will be necessary to sell the site (subject to satisfying the statutory requirements) at an undervalue, as such it is anticipated that no initial financial receipt will be received. However disposal terms will include the provision for sharing future profits should any be generated from the granting of long leaseholders (i.e. the sale/shared-equity units).

Revenue implications:

18. A care related support contract for the new scheme will also need to be tendered; 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. Assuming a balance of high, medium and low levels of need, the scheme will need approximately 350 hours to support the 28 properties occupied on an affordable rent basis at an annual revenue cost to the Council of £190,000. 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 to the environment offered in the scheme.
19. Additional support for units occupied on a sale or shared ownership basis will be measured once occupancy details are known.

LEGAL IMPLICATIONS

20. The Council has powers under the Local Government Act 1972 to dispose of land in any manner it wishes, the principal constraint being that a disposal must be for the best consideration reasonably obtainable, unless the Secretary of State consents to the disposal. The Secretary of State has issued the General Disposal Consent (Local

Government Act 1972: General Disposal Consent (England) 2003), to give local authorities (including the Council) autonomy to carry out their statutory duties and functions, and to fulfil other necessary or desirable objectives, whilst still fulfilling their fiduciary duty in a way accountable to local people. Specific consent is not required to the disposal of any interest in land which the Council considers it will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. The terms of the General Disposal Consent is subject in all cases to the condition that the undervalue does not exceed £2,000,000 (two million pounds). It is for the Council to decide whether any proposed disposal requires specific consent under the 1972 Act.

21. Any transfer of land by the Council (to one of the landlords within the Vela Group) must be transacted in accordance with the European Commission Communication on State aid elements in the sale of land and building by public authorities (“the Sale of Land Guidelines”) in order to avoid the transaction being deemed not to include the grant of State aid or under a state aid approval given by the European Commission.
22. The Sale of Land Guidelines state that in order for State aid not to be present in respect of the sale of land by a public body the land must be transferred/sold at or above its open market value as established pursuant to either an unconditional bidding process akin to an auction (in which the highest or only price bid must win) or by way of an independent valuation.
23. As it is not possible to secure a development of this kind on purely commercial terms aid is being given though the proposed disposal at an undervalue. The amount of the undervalue in this case £400,000 would exceed the maximum amount which could be given without state aid approval. However it is considered that the reasons for providing the aid fall within the remit of the existing European Commission approvals and so are lawful subject to compliance with the following criteria:
 - a. the Council can demonstrate that in delivering the ‘care ready’ retirement housing scheme, Vela are providing “Services of General Economic Interest” (public service tasks that a commercial undertaking would not assume or would not assume to the same extent or under the same conditions, if it were considering its own commercial interest);
 - b. The Council entrusts the public service tasks on Vela;
 - c. The Council’s “compensation” (the undervalue contribution) to Vela for performing these public service tasks does not exceed Vela’s costs of providing the public service tasks plus a commercially reasonable profit; and
 - d. The Council’s support is accounted for in accordance with relevant European Commission guidance.

RISK ASSESSMENT

24. The proposed development of this Retirement Housing scheme is categorised as medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

25. The proposed housing scheme will have a positive impact on the following Sustainable Community Strategy themes:

- a. **Economic Regeneration and Transport:** a further capital investment 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 visitors to Billingham town centre and community centre users and staff are addressed.
- b. **Safe Communities:** the scheme and car park re-provision will be designed to provide a safe and inclusive environment.
- c. **Healthier Communities and Adults:** the scheme will have a direct impact on addressing the needs of a growing elderly population.
- d. **Environment and Housing:** the additional units of accommodation will address identified housing need both for current and future generations of older people.

Supporting themes:

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

EQUALITIES IMPACT ASSESSMENT

26. 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

27. Briefing sessions have been offered to all Billingham ward members and Cabinet members for Housing and Community Safety and Adult Services and Health.

28. Ongoing briefings will continue as the proposed new Care Ready housing scheme progresses.

Corporate Director of Development & Neighbourhood Services

Contact Officer: Julie Nixon

Telephone No. 01642 527072

E-mail Address: Julie.nixon@stockton.gov.uk

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 facilitate the development of Care Ready Retirement housing in Billingham.