

<b>Subject:</b>	<b>Extra Care Housing – Brooke Mead</b>		
<b>Date of Meeting:</b>	<b>5 December 2013</b> Housing Committee 13 November 2013 Adult Care & Health Committee 25 November 2013		
<b>Report of:</b>	<b>Geoff Raw - Executive Director, Environment, Development and Housing</b> Denise D'Souza - Executive Director Adult Services		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Martin Reid</b>	<b>Tel: 29-3321</b>
	<b>Email:</b>	<b>martin.reid@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>Queens Park</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Following previous reports to Housing (6 March 2013), Policy & Resources (21 March 2013) and Adult Care & Health (17 June 2013) Committees, this report updates on progress to secure increased supply of extra care housing in Brighton & Hove through the proposed development of the Brooke Mead extra care housing scheme, Albion Street, Brighton, following the Council's successful bid to the Homes & Communities Agency (HCA) Care & Support Specialist Housing Fund.
- 1.2 This report seeks approval for HCA & Housing Revenue Account (HRA) capital and HRA & Adult Social Care (ASC) revenue funding to support the Brooke Mead extra care scheme and authority to enter into a Funding Agreement with the HCA for provision of extra care housing under the Care & Support Specialist Housing Fund; and to award a contract or contracts following procurement to secure the development of the scheme as outlined in the report.
- 1.3 There are different elements to the housing scheme, including demolition of the existing building, the detailed design and build of the new housing, and the management of the new housing. The provision of care services for residents will be dealt with separately. As no RP partner came forward within the timescale to bid for HCA funding, the model on which the HCA bid was based assumes that the development will remain within the HRA. In order to allow all procurement options to be considered, reflecting previous delivery of extra care schemes in Brighton & Hove, it may be possible for an RP to work in partnership with the Council on the design and build contract and take on the housing management function. Given the scope for a different approach to the procurement of the different elements, and to avoid unnecessary delay that might prejudice the availability of the HCA funding, it is proposed that the contractual framework to secure the development is determined by officers, following required procurement procedures, with reports back to Housing Committee on progress and any future key decisions.

## **2. RECOMMENDATIONS:**

### **2.1 Housing Committee**

That Housing Committee –

- 2.1.1 Delegate authority to the Executive Director Environment Development & Housing to enter into the Care & Support Specialist Housing Fund (2013-18) Funding Agreement with the Homes & Communities Agency, the key elements of which are set out in this report.
- 2.1.2 Recommend that the Policy & Resources Committee approve a capital programme budget up to a maximum of £8.3 m for the delivery of Brooke Mead extra care scheme to be financed through unsupported borrowing in the Housing Revenue Account, HCA Grant and a contribution from ASC.
- 2.1.3 Delegate authority to the Executive Director Environment Development & Housing (in consultation with the Executive Director Finance & Resources) to enter into the necessary contracts (including with a development partner as necessary) to secure:
  - (i) the demolition of the existing building as previously agreed by Policy and Resources Committee (21 March 2013);
  - (ii) the design and build operations required to complete the development of the extra care housing scheme at Brooke Mead as described in this report; and
  - (iii) the housing management operation, in respect of the new extra care housing scheme.

### **2.2 Adult Care & Health Committee**

- 2.2.1 That Adult Care & Health Committee agrees to fund up to £ 2.1 million (plus/minus 10 %) to enable Brooke Mead to be built, and delegates authority to the Executive Director Adult Services (in consultation with the Executive Director Finance and Resources) to determine whether that funding is provided from capital or revenue funding, or a mixture of the two.

### **2.3 Policy & Resources Committee**

- 2.3.1 That Policy & Resources Committee approve a capital programme budget up to a maximum of £8.3 m for the delivery of Brooke Mead extra care scheme to be financed through unsupported borrowing in the Housing Revenue Account, HCA Grant and a contribution from ASC.

## **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Brighton & Hove has a growing population including a significant increase in the number of older people over eighty five with a support need. Such an increase will have an impact on the ability of people in risk categories, including those with some form of dementia, to remain independently in their own homes. This is projected to lead to additional demand for long term care services. The City is currently a high user of residential care accommodation and is committed to

providing alternative housing options, in particular developing extra care housing for adults and older people as a corporate and budget priority.

- 3.2 Without the development of additional extra care facilities, the council will come under increasing pressure to increase the provision of residential care and home care facilities, with a significant increase in the community care budget. Extra care provides independence and dignity by enabling people to live in their own home in a supported environment. At the same time, it achieves financial efficiency. At Patching Lodge the current weekly unit cost of £201 per resident compares favourably with high cost home care packages, and residential care rates of between £341 and £460 per week.
- 3.3 The development of extra care housing can bring wider benefits in that it can help to ease the pressure for general needs affordable housing. This is because it enables small potentially unviable sites to be developed at density and may help to free up the family housing where elderly residents are moving out of under occupied homes.
- 3.4 Housing Committee on 6 March 2013 resolved to:
- Note the development of the proposed Brooke Mead Extra Care scheme will be funded through affordable rents, a contribution from Adult Social Care budgets, shared ownership and subsidy funding incorporated within the recent bid to the Homes & Communities Agency (HCA).
  - Note proposals to proceed with a Planning application for the approval of extra care housing on the Brooke Mead Extra Care scheme, the current timetable for the proposed development and the pursuit of other funding options as detailed in the report.
  - Recommend that the Policy and Resources Committee agree that the vacant Housing Revenue Account block of Brooke Mead, Albion Street, Brighton be demolished in order to be redeveloped, subject to Planning consent.
- 3.5 Policy & Resources Committee on 21 March resolved to:
- Agree that the vacant Housing Revenue Account block of Brooke Mead, Albion Street, Brighton be demolished in order to be redeveloped, subject to Planning consent.
- 3.6 The provision of care will be subject to a separate tender process which will be managed and funded through ASC.

### **HCA Bid & proposed funding option**

- 3.7 As a result of the council's recent funding bid for £2.686 million HCA subsidy to support an extra care scheme at Brooke Mead, the Homes & Communities Agency (HCA), on behalf of the Department of Health, propose to enter into a contract with Brighton & Hove to deliver 45 extra care homes for £2,474,998 (the maximum amount of grant payable by the Agency to the grant recipient in respect of the approved bid) from the 2013-18 Care & Support Specialist Housing Fund.
- 3.8 Priority was given to schemes which have already achieved, or are well advanced in the process of achieving planning consent, in particular those which can start on site in the first year of the Fund (2013/14). A Planning application (BH2013/02152) for demolition of Brooke Mead, an empty Housing Revenue

Account (HRA) owned former sheltered housing scheme, and development of a building providing extra care residential units with associated communal spaces, landscaping works, cycle and scooter parking and community facilities has been submitted.

- 3.9 We have submitted investment partner qualification application questionnaire to enable the HCA to release the draft contract. In order to agree the contract and achieve timely sign off for any Funding Agreement we are seeking Housing Committee approval for delegation of authority for the Executive Director Environment, Development & Housing to enter into the Extra Care & Support Specialised Housing Fund Agreement subject to review and final agreement in negotiation between Brighton & Hove and HCA Legal teams.
- 3.10 Brooke Mead as an extra care option initially arose from a review of Housing Revenue Account (HRA) assets. Brooke Mead is a HRA asset and was originally a sheltered housing scheme of 9 non self contained units mostly bedsits with warden accommodation and shared facilities. The scheme became unattractive and hard to let due to aging and poorly served accommodation i.e. no lift etc. For the past 20 years the building was used as temporary accommodation for people we have a duty to accommodate under the homelessness legislation but was decanted and identified for redevelopment on the discovery of asbestos in the roof. The building is currently empty.
- 3.11 Brooke Mead would provide an extra care housing scheme for older people and those living with dementia. The proposed extra care scheme is in the heart of the City centre in an area with substantial numbers of older people, many from low income households in poor neighbourhoods. Many of the older people appear to be living on the periphery of this central location and are often excluded and marginalised from the wider community. Proposed investment of an extra care housing scheme in this location will make a major contribution to the quality of life for those who hitherto have been unable to access affordable supported high quality accommodation and provide an alternative form of housing for those who can no longer live at home and who previously would have to move to a care home. An extra care scheme offers older people a dignified environment which enhances their quality of life.
- 3.12 Lambert Smith & Hampton (LSH) consultants were appointed to work with ASC & Housing to develop the extra care housing bid for submission to the HCA. The bid proposed to develop an extra care housing scheme of 45 self contained flats in a 5 storey development. The scheme is based on 39, 1 bed units for rent and 6, 2 bed units for low cost home ownership, with all flats developed to life time home standards. Generous space standards have been allowed for, enabling sufficient room for entertaining, relaxing and enjoying personal pursuits, with minimum net internal space standards of 52 m<sup>2</sup> for 1 bed and 75 m<sup>2</sup> for 2 beds depending on orientation. 10% of all developments have been identified for fully adapted wheel chair use. Capital costs for the entire building are appraised at BREEAM standard 'Good'. Each apartment is designed for independent living with a separate kitchen / living area to the bedroom and a shower room designed to be fully accessible. The rooms will be well lit, with a terrace / balcony for each resident. Terraces could be used for flower pots or easily accessible window boxes. The development has been imaginatively designed with communal space at its heart. It is envisaged that the development of community based resources at Brooke Mead will be modelled on the City's successful work at Patching Lodge

where through the work of the LifeLines project, a thriving community hub has been established.

- 3.13 In line with HCA bid requirements, homes for Affordable Rent are to be made available at a rent level of up to 80% of gross market including service charges. In line with our Tenancy Strategy our modelling limits the rent to the Local Housing Allowance on the basis that this equates to c 65% of market rent.
- 3.14 This financial model used as the basis for the bid assumed the HRA land is put as a zero cost subsidy. This is consistent with recent practice for HCA sponsored developments in the City. It was also assumed rents would be set at affordable rent levels up to the Local Housing Allowance levels and the six 2 bed homes would be low cost shared ownership. In addition to rental income, the development proposal included ongoing revenue contribution for the scheme from the general fund (Adult Social Care) of £0.102 million per annum. On this basis the development required a net capital subsidy/grant of £2.686 million from the HCA towards the total scheme capital cost of £8.925 million.
- 3.15 This model on which the HCA bid was made assumes that the development will remain within the HRA and thus the HRA would need to make capital payments of up to £8.925 million during the build programme. Reimbursement of the HCA grant payments is proposed to be made in agreed instalments throughout the development programme and with capital receipts from the shared ownership being made at the end of the project. We have previously reported that this is likely to result in short term cashflow deficits which will be managed within the HRA capital programme and by possibly utilising debt. As a consequence this will result in a longer term borrowing in the region of £5.159 million which is proposed to be fully financed by the net rental income streams from the new homes.

### **Current financial appraisal**

- 3.16 Following submission of the Planning application, amendments to scheme design have been requested to address some remaining points relating to scheme massing and daylight / sunlight issues. The final indicative scheme costs align to final scheme design changes currently being made in order to meet the 11<sup>th</sup> December 2013 Planning Committee deadline.
- 3.17 A revised option for the floor plan has been produced to alter the floor-space to increase the number of homes, making up for a potential loss of 3 homes through reduced massing. A total of 44 homes are currently proposed. The main proposed amendments under this option are to change the 2x 2bed units on the 5<sup>th</sup> floor to 3x 1bed units, and to change 2x 2bed units on the 1<sup>st</sup> and 2<sup>nd</sup> floors to 3x 1bed units. Removing the two bedroom homes to maximise the Affordable Rent homes on site results in no shared ownership homes currently proposed for this scheme.
- 3.18 A revised financial appraisal of the Brooke Mead extra care scheme for the delivery of 44 affordable rented homes was provided by Consultants LSH. This appraisal cost information has been used as the basis for the financial modelling to evaluate funding options and is reflected below in Financial Implications.

- 3.19 The current financial analysis details a scheme costing £8.3 million, this figure includes the expenditure, ie build costs, indicative interest rates and professional fees and the income assumptions based on rental income, revenue subsidy from Adult Social Care and the maximum £2.4m subsidy for the HCA.
- 3.20 The scheme costs detailed in paragraph 3.19 are indicative and may change dependant on iterations being made to the design. A decrease in the total number of units may increase the overall build costs as there will be a number of fixed costs that cannot be removed despite a reduction in the number of units. Consequently the cost per unit will increase alongside a loss of subsidy and income. The prospect of delivering a smaller scheme have been discussed with the HCA and colleagues from Adult Social Care. Both parties would continue to support a scheme reduced in scale if found necessary although subsidy would be lost on a per unit basis from the HCA. Such variables are informing the optimum financing solution and this will be finalised once the physical design is fixed for Planning Committee on 11 December.

### **Procurement of construction & housing management**

- 3.21 This report seeks delegated authority for the Executive Director of Environment, Development and Housing to award a contract or contracts to successful bidders following the completion of the procurement process. The procurement route for appointing an external construction contractor and professional services team is being finalised and a preferred option will be recommended early in the New Year.
- 3.22 The HCA bid was predicated on housing management for the scheme being provided by the council. A further option of housing management and extra care services being provided by an external partner is also being explored as it is possible this could prove to be a more cost effective solution. It is currently envisaged that care services in particular will be provided through an external provider, irrespective of whether the housing support service is provided by an internal or external team. The options will also be reported to the relevant committees with a preferred recommendation for approval early in the New Year.

### **Funding Agreement**

- 3.23 The draft Department of Health, Care and Support Specialised Housing Fund Agreement was received from the HCA on 1 November 2013. The draft Agreement confirms that the HCA has agreed to advance grant funding to the Council of up a maximum of £2,474,998 and sets out the terms of the Agreement in relation to a range of areas including: scheme development costs; design and quality standards; Affordable Rent; agreed client group; payment terms; monitoring and reporting; health & safety; and, equality & diversity. Legal colleagues are currently reviewing the draft Funding Agreement.

## **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 In proposing the Brooke Mead scheme a number of alternatives have been considered as listed below:
- 4.2 A 'do nothing' option would continue to leave the land wastefully without economic use and reduce the council's ability to meet its strategic objectives,

specifically the Budget commitment to identify and promote cost effective alternatives to residential care to meet the needs of the ageing population of the City.

- 4.3 Alternative land could be sought for the provision of extra care schemes. If the proposed Brooke Mead scheme was abandoned in preference to searches for alternative sites, the work completed to date on Brooke Mead would be lost and the HCA subsidy would be rescinded and reallocated to other registered providers. The time lost in identifying alternative sites would delay addressing the Budget priority for the development of additional extra care housing. Officers are continuing to identify suitable sites for the development of further extra care housing to compliment the number of existing schemes and new initiatives such as the proposed Brooke Mead project. However site appraisal and design would alter the time line for delivery of increased numbers of new units for older people and move build completion beyond 2015.
- 4.4 Any alternative to the proposed Brooke Mead scheme would result in an abandoned site due to a lack of alternative funding sources. The HRA would lose the opportunity to fully utilise the site and the City would lose the economic benefit that could be realised from this asset. Residents would again be blighted by the effects of an empty former sheltered housing scheme and anti social behaviour.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 As previously reported to committees in March and June of this year, there has been extensive consultation to residents and the local community regarding the proposed development. The consultations sessions have resulted in several iterations of the design to reflect residents concerns. A further iteration is being proposed which will see changes to the north west elevation of the building providing relief to the residents of Church Way. Formal consultation of this design change is underway.

## **6. CONCLUSION**

- 6.1 The Brooke Mead extra care housing proposal meets corporate and strategic objectives as well as budget commitments. Specifically it provides an opportunity to increase the supply of suitable housing for older people at an affordable cost. In moving toward the next phase of the proposed scheme, delegated powers are sought by the Director of Environment, Development and Housing to enable HCA capital subsidy to be claimed, for the legal agreement to be signed and for procurement plans to proceed including the award of contract to the successful bidders.
- 6.2 It is envisaged that procurement including award of contract will be completed in late Spring, with the build expected to be complete in the summer of 2015.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 A revised financial appraisal of the Brooke Mead extra care scheme for the delivery of 44 affordable units was provided by Consultants LSH. This appraisal

cost information has been used as the basis for the financial modelling to evaluate funding options.

- 7.2 The indicative development costs provided by LSH total £8.3 million and include demolition costs, construction costs and professional fees.
- 7.3 The financial modelling (see table below) shows that based on the current indicative costs, capital funding of the Brooke Mead extra care scheme can be met through HRA unsupported borrowing totalling £5.8 million financed through tenants affordable rents (£3.7 million) and either an annual revenue contribution from ASC of up to £ 0.114 million or a capital contribution up to £2.1m (plus/minus 10%) and HCA Grant up to a maximum of £2.475 million. The table shows a range of borrowing scenarios including funding increased development costs if borrowing over a longer term.

<b>Brooke Mead Extra Care Scheme Financing implications summary - 44 affordable rent units</b>			
	Scheme financed over 30 years assuming PWLB rates @ 4.6%	Scheme financed over 30 years, assuming PWLB rates @ 4.4%	Scheme cost increased by 3% financed over 35 years, assuming PWLB rates @ 4.63%
Based current costings (Oct 2013)	£'000	£'000	£'000
<b>Total Capital Cost (LSH Consultants)</b>	<b>8,310</b>	<b>8,310</b>	<b>8,559</b>
<b>Funded By</b>			
Capital contribution from ASC ( or borrowing financed from annual contribution of £114K)	(2,100)	(1,913)	(1,984)
HRA Borrowing (from net rental income)	(3,735)	(3,922)	(4,100)
HCA Capital Grant offered	(2,475)	(2,475)	(2,475)
<b>Total Funding</b>	<b>(8,310)</b>	<b>(8,310)</b>	<b>(8,559)</b>
<b>HRA Subsidy</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 7.4 The development costs modelled are still subject to planning approval, assumes that delivery of the scheme is through the HRA, requires final confirmation of HCA Grant and therefore costs and funding can only be indicative at this stage. Any significant variations to the proposed capital scheme and funding would need to reported back to Policy & Resources committee in accordance with council's standard financial procedures.

*Finance Officer Consulted: Susie Allen / Michelle Herrington Date: 4/11/13*

Legal Implications:

- 7.5 Procurement of all works and services referred to in this report will need to comply with the council's contract standing orders, including – where applicable – the relevant provisions of the Public Contracts Regulations 2006.

*Lawyer Consulted: Jill Whittaker / Oliver Dixon Date: 01/11/13*



### Equalities Implications:

- 7.6 Extra care housing supports Tackling Inequality, priority one of the Corporate Plan. Evidence demonstrates that a significant increase of older people, particularly those experiencing dementia, will be living in the City in coming years. This increase is set against a backdrop of a limited number of suitable homes able to meet demand. The development of housing catering to a segment of people in the City who hitherto have experienced a lack of suitable accommodation with the availability of care packages that support increasing health and social care needs provides access to a much needed and new avenue of independent living, within good quality accommodation which also offers care and support for older people within the City.
- 7.7 An increase in the supply of extra care housing will increase housing choice for older people with housing, health and social care needs and enable the City to better manage demand for specialist housing with support. In addition, the Brooke Meade proposal has been designed to ensure that 10% of the dwellings will be fully wheelchair adapted.

### Sustainability Implications:

The proposed new development will be energy efficient and built to minimise carbon emissions. The development will be fuelled in part by solar energy with solar photo voltaic panels being placed on the roof. New homes will support One Planet Living principles.

Newly built homes will be built to Affordable Housing Brief standards in terms of size, Code for Sustainable Homes, amenity space, Lifetime Homes Standard. Development to the BREEAM standard level 'Very Good' ensures that new homes are designed sustainably to minimise carbon emissions and use sustainable materials in their construction. All other codes and guides provided by the HCA and those developed by the councils Housing Development Team have been incorporated into the design and will be applied during the construction process.

The development includes two roof gardens, outside space for each individual flat and a community garden. A high level landscaping plan which looks at the green areas in and around the site has been included in the development proposals with further plans to be progressed with residents. The aim is to re-introduce semi mature trees, to encourage existing wild life and support new habitats. And create some open but defensible space for residents to enjoy.

A sustainability construction plan is also required thus ensuring that where possible materials are locally or ethically sourced, transportation is kept to a minimum, and that the mess facilities including food and refreshments provided on site for construction workers is locally sourced or Fair Trade products.

### Any Other Significant Implications:

- 7.8 Extra Care Housing provides an opportunity to produce good health and housing outcomes that benefit the community at large.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. None

2.

### **Documents in Members' Rooms**

1. None

2.

### **Background Documents**

1. None

2.

Crime & Disorder Implications:

- 1.1 Good architectural and urban design can contribute to safer homes and neighbourhoods. The proposed development includes Secure by Design principles and IT enabled technology supporting older people particularly those experiencing dementia.

Risk and Opportunity Management Implications:

- 1.2 Improving the supply of extra care housing is a Corporate and Adult Social Care Budget priority. Failure to deliver additional extra care housing will have an adverse budget impact. Further development risks and opportunities will continue to be assessed and amended throughout the life of the project and adjusted in line with internal and external factors which emerge.

Public Health Implications:

- 1.3 Secure affordable extra care housing is key to supporting households to maintain a healthy life and sustain their independence.

Corporate / Citywide Implications:

- 1.4 Extra care housing aligns to the following Corporate Plan commitments under Priority One: Tackling Inequality: Develop new extra care housing and supported accommodation units to help people with complex needs to remain in the community; Work with partners including the Homes & Communities Agency, neighbouring authorities and housing associations to provide 250 new and improved affordable and energy efficient homes.
- 1.5 In addition, the City will benefit from additional specialist housing provision and assist in meeting the targets for new housing as identified in the Housing Strategy and the City Plan.

