

Subject:	Brooke Mead Extra Care Housing – Development Update		
Date of Meeting:	12 February 2015		
Report of:	Executive Director of Environment, Development & Housing		
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Ward(s) affected:	Queen’s Park		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 In December 2013, the Committee approved a capital programme budget of up to a maximum of £8.3m, for the delivery of the Brooke Mead extra care housing scheme to be financed through unsupported borrowing in the Housing Revenue Account (HRA), a Homes and Community Agency (HCA) Grant and a capital and/or revenue contribution from Adult Social Care (ASC) of up to £2.1 million (with maximum increase limited to 10%). This report updates the Committee on progress since then and seeks approval for an increase in the scheme capital programme budget to cover an increase in costs primarily associated with build cost inflation forecasts.

2. RECOMMENDATIONS:

2.1 That the Committee agrees an increase in the capital programme budget for the delivery of Brooke Mead extra care housing scheme to a maximum amount of £12m financed through unsupported borrowing in the Housing Revenue Account (HRA), Homes & Community Agency (HCA) Grant and a contribution from Adult Social Care, to enable the scheme to start on site before the end of March 2015.

2.2 That Committee agrees to appropriate the land at Brooke Mead, Albion Street, Brighton, for planning purposes.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 On 5 December 2013, Policy & Resources Committee approved a capital programme budget up to a maximum of £8.3 m for the delivery of the Brooke Mead extra care housing scheme. It also granted delegated authority to the Executive Director Environment Development & Housing (in consultation with the Executive Director of Finance & Resources) to:

- (i) enter into a Care & Support Specialist Housing Fund (2013-18) Funding Agreement with the HCA.
- (ii) enter into the necessary contract (including with a development partner as necessary) to secure:

- the demolition of the existing building;
- the design and build operations required to complete the development of the Brooke Mead extra care housing scheme; and
- the housing management operation, in respect of the new extra care scheme.

3.2 Brooke Mead is a council-led extra care housing development comprising of 45 one bedroom units of accommodation with both communal and community facilities on the ground floor. The scheme was granted planning permission on 11 December 2013. Since then, there has been considerable progress in relation to key stages of the project (see Fig 1).

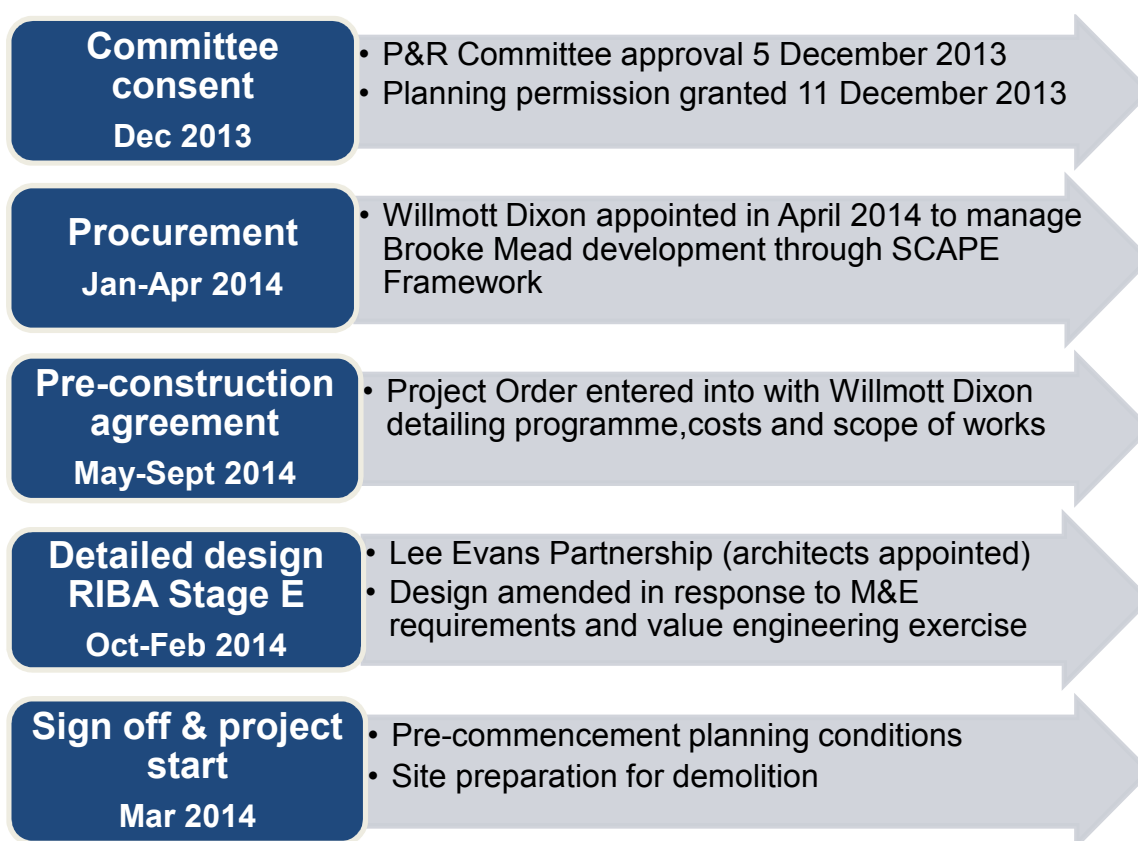


Fig 1 – Pre-construction phase of Scape

3.3 In April 2014, the council appointed Willmott Dixon contractors to manage the Brooke Mead development through a procurement framework known as SCAPE. The framework comprises five key stages: inception, feasibility, pre-construction, construction and post construction. In support of the pre-construction phase, Willmott Dixon carried out a build cost review in June 2014 based on the initial design stage. This cost review demonstrated that the total scheme costs had increased by £1.5m to £9.8m. The increase in build costs stems from the high number of site abnormalities such as ground

condition, engineering requirements and a significant increase in build cost inflation. However, these costs remain approximate until completion of the detailed design stage which is not scheduled to be completed until March 2015.

- 3.4 Some additional survey work has been commissioned by Willmott Dixon in support of Stage E, which has meant that the programme is running approximately one month behind schedule. These include drainage; asbestos; geo technical; electro detection; archaeological; delapidations; as well as additional topography surveys. The results of these surveys are essential to inform the final scheme design as well as Willmott Dixon's strategy for preparing the site for demolition. It is envisaged that demolition will commence in March 2015 and the full procurement, including award of the building contract, will be completed in late spring 2015. The construction programme is expected to be finished by the autumn of 2016.

Key design changes

- 3.5 During the Stage E design process, Willmott Dixon's design team have made a few tweaks to the design of the consented scheme in response to value engineering and liaison with the council's service departments i.e. Building Control, Planning etc. The scheme Employers Requirements have also been progressed by BLB Quantity Surveyors on behalf of Brighton & Hove.

- 3.6 The key changes to the consented scheme can be summarised as follows:

- **Reduced height of Atrium** – the architects have reduced the atrium from three storey to single storey to ensure that the scheme meets Building Regulation requirements and avoids overheating.
- **Reduced the size of the ground floor unit** – the two bed unit has been replaced by a one bed unit as a consequence of an increase in staff facilities on the ground floor to include overnight accommodation with en suite, staff room, office and extended reception.
- **Community Café** – the design of the café has changed to meet the needs of future residents.
- **Extension to Basement** – the space in the basement has been expanded to include a plant room for the mechanical plant required for the scheme. This will allow the Laundry Room located within the basement to be maintained.
- **Sprinkler system** – This has been introduced into the design in response to comments received from the council's Building Control team on the Fire Strategy and proposed mitigation measures.

Key Risks & Mitigations

Risk	Mitigation
<p>Financial risk Increased costs above agreed maximum budget</p>	<ul style="list-style-type: none"> • The scheme is currently being fully costed and it is anticipated that these costs will be below the budget ceiling. • The SCAPE framework works to a Fixed Price (FP). • Additional costs (e.g. unexpected issues, legal fees etc.) will be monitored and escalated at the earliest opportunity. • Monitoring of cost and quality will be undertaken by the council's independent Employers Agent (BLB).
<p>Financial risk Loss or reduction of HCA grant funding</p>	<ul style="list-style-type: none"> • Willmott Dixon working to ensure works start on site before end March 2015. • Regular review meetings with HCA. • Regular entering of scheme information onto HCA ICT system.
<p>Financial risk Extra-care model does not achieve anticipated reduction in council's care costs</p>	<ul style="list-style-type: none"> • Benefits and potential savings to be further analysed and kept under review. • Project will also deliver a wider range of benefits to the city e.g. 45 much needed new homes, improve a currently derelict site and many wider economic impacts.
<p>Community risk Scheme is not supported by local community</p>	<ul style="list-style-type: none"> • Scheme has achieved planning permission. • Ongoing communication and liaison with local residents and their representatives.
<p>Project risk Scheme is delayed (e.g. unforeseen issues, inclement weather etc.)</p>	<ul style="list-style-type: none"> • Control and monitoring from council's independent Employers Agent (BLB).

Building management & maintenance

- 3.7 The Housing Client Design Standards have largely been adopted by the contractor's design team. This should ensure the future 'maintainability' of the building and its components.

- 3.8 The Housing Property and Investment team has the skills, resources and contracts in place to manage the servicing of: the lift/s; gas boilers; water hygiene; fire alarm; emergency lighting; controlled entry system and community alarm connection. New contracts would need to be put in place to service any sprinkler systems or underfloor heating.
- 3.9 The council's repairs and maintenance partner, Mears, is equipped to carry out responsive maintenance to the building and any programmed repairs that will be required in the future.

Care management

- 3.10 The care and support for residents will be provided by an independent care provider following a tendering process led by the ASC commissioning team. This procurement process will take place during the construction phase to ensure that there is a care team on site shortly before the first tenants move in. The care and support will be delivered by an on-site care team, with care provided based on individuals assessed needs.

Nominations

- 3.11 Properties within the new development will be allocated through the council's Choice based lettings scheme (HomeMove). This will ensure the nomination process is transparent and fair. Only those individuals who have been assessed by ASC as requiring extra care housing will be able to bid against these properties. The council's Temporary Accommodation & Allocations team and ASC will jointly develop a Local Lettings Plan in order to enable the best use of the accommodation from the outset and to facilitate a mix of new residents that will enable the project to get off to a good start.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 If Members were to decide not to proceed with the scheme, this would not only result in the loss of £2.475m of HCA Grant funding but could damage the council's reputation. The fees associated with the pre-construction phase of the project (circa £0.5m), as well as the investment of officer time in the project, would also be lost.
- 4.2 Withdrawing support for the project would negatively impact on the council's New Homes for Neighbourhoods programme which currently has over 200 residential units (including Brooke Mead) in the pipeline. There would also be a wider economic impact to the city (e.g. construction jobs, supply chain opportunities etc.) as well as the loss of New Homes Bonus and Council Tax revenue which would have been generated through the Brooke Mead development.
- 4.3 Finally, a decision not to proceed would reduce the council's ability to meet its strategic objectives concerning older people in the city. A key objective of the Brooke Mead scheme is to improve care for older people and to provide an alternative housing solution to expensive long term residential care. The

delivery of this objective would be jeopardised if the scheme were abandoned at this advanced stage.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 As previously reported to P&R, Housing and Planning committees, there has been extensive consultation with residents and the local community regarding the proposed development. The consultation process has resulted in several iterations of the design to reflect residents' concerns.

6. CONCLUSION

- 6.1 The Brooke Mead extra care housing proposal meets corporate and strategic objectives to increase the supply of suitable housing for older people at an affordable cost. The inflation in projected build costs is consistent with the experience of other construction projects in the city. There is little scope to mitigate these cost increases as funding requirements, the design of the building and community consultation process restrict the additional income generation opportunities derived from the scheme e.g. increased market sales etc.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Following Housing Committee approval on 13 November 2013, Policy & Resources approved a budget of £8.3m for the development of the extra care housing at Brooke Mead. Contractors, Willmott Dixon, have since carried out a cost review showing that costs have increased to approximately £9.8-£10m for this scheme. The increase in costs is a result of a high number of site abnormalities and a significant increase in build cost inflation in the last year. This increase in costs has been reflected in the HRA Capital Programme 2015-18 budget report also being presented at this committee.
- 7.2 However, as detailed in para 3.3, these costs remain approximate until the completion of the detailed design stage, which is scheduled to be finished by March 2015. The recommendations in this report i.e. the committee agrees to a maximum budget for this scheme of £12m, is in recognition that total scheme costs may have increased further. The financing of this scheme will be met through HCA Grant up to £2.475m, a capital contribution from ASC of £2.1m, with the balance of funding met through unsupported borrowing through the Housing Revenue Account. The amount of borrowing required for this scheme may be reduced by a capital receipt if the final scheme includes some units of shared ownership.
- 7.3 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 housing 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. It is estimated that there would be a cost saving to Adult Social Care in the region of £200 per week per resident, when comparing costs of residential care and high cost home care packages to the costs of providing extra care housing. This equates to approximately £468,000 of potential cost savings per annum through the placement of 45 residents at Brooke Mead.

Finance Officers Consulted: Susie Allen/ Michelle Herrington **Date:** 2 Feb 2015

Legal Implications:

- 7.4 The Contract being utilised is an OJEU compliant SCAPE Framework Contract with one supplier (Willmott Dixon) which permits the Council to order work from the supplier in stages, as set out above. The various contracts entered into for the different stages comply with the Council's Contract Standing Order's because the Framework was competitively procured. The order for the construction stage will require a building contract with Willmott Dixon on terms established by the Framework Contract.
- 7.5 The Framework also requires the Council to separately appoint an Employers Agent to manage the construction contract. Following a competitive procurement, BLB Surveyors were appointed to undertake this role on the Council's behalf.
- 7.6 The Project as a whole, including the construction stage, is regulated by the terms of the Funding Agreement with the HCA.
- 7.7 Local authorities are permitted to appropriate land for the purposes of carrying out development (s.246 Town and Country Planning Act 1990). The purpose of doing so is to facilitate the expeditious completion of the building works, particularly where the building works could interfere with third party easements and other rights. Once land is appropriated for planning purposes, any private rights are converted into a claim for compensation, and a claimant cannot secure an injunction to enforce their rights.

Lawyer Consulted: Jill Whittaker/ Oliver Dixon **Date:** 2 Feb 2015

Equalities Implications:

- 7.8 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.

Sustainability Implications:

- 7.9 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.
- 7.10 The development includes outside space for each individual flat and a community garden. A high level landscape 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 introduce semi mature trees, to encourage existing wildlife and support new habitats as well as create some open but defensible space for residents to enjoy.

Any Other Significant Implications:

- 7.11 Extra care housing provides an opportunity to deliver good health and housing outcomes that benefit the community at large.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None