



Report of Director of City Development, Director of Adults and Health and Director of Resources and Housing

Report to Executive Board

Date: 25 November 2019

Subject: Disposal of land located on Seacroft Crescent, Killingbeck and Seacroft, for Extra Care Housing delivery and final terms of Development Agreement.

Are specific electoral wards affected? If yes, name(s) of ward(s): Killingbeck and Seacroft	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- Further to the approval of the Council House Growth Programme - Delivery of Extra Care Housing report at 19th December 2018 Executive Board, this report sets out proposals to sell land at the former Seacroft Civic Youth Club site on Seacroft Crescent, Killingbeck and Seacroft, to the approved consortium to facilitate the development of new Extra Care Housing.
- The project will contribute to the Council's strategic objective of delivering the Leeds Vision for Extra Care Housing by working with partner organisations to construct more than 1,000 units of Extra Care Housing by 2028 to meet the growing demand for this accommodation type and population forecasts.
- The Extra Care Housing scheme to be developed on the Seacroft Crescent site is expected to deliver 64 Extra Care Housing apartments with communal facilities open to the public, and a planning application was submitted on 9th August 2019. The scheme will deliver 100% affordable rental units which significantly exceeds Affordable Housing Planning Policy requirements of 5% for the Killingbeck and Seacroft ward and the Council will have nomination rights on 100% of these units for the first lettings, and 75% nomination rights on subsequent lettings.
- Under terms of the Development Agreement to be entered into with the Council, the consortium, made up of Ashley House Ltd/Morgan Ashley LLP and Home Group will be granted a licence to work on the site for the duration of the build programme.

The land transfer will only complete once the consortium can evidence that the completed Extra Care scheme meets the specification included in the Development Agreement.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The Extra Care programme directly contributes to one of the Best Council Plan's 2019/20 outcomes of enabling residents with care and support needs to have greater choice and control.
- The delivery of the Extra Care programme also contributes to the Housing priority contained within the Best Council Plan 2019/20 by providing the right housing options to support older and vulnerable residents to remain active and independent.

3. Resource Implications

- Based on the minimum projected efficiency saving of £240.00 per week for an individual with high support needs living in an Extra Care scheme, applied against the Council exercising its 100% nomination rights for Seacroft Crescent, the proposed scheme will generate an estimated system cost saving of approximately £786,240 per annum when compared to the average cost of residential care (local authority and independent sector provision.)
- As this site is not currently in the Council's capital receipt list, the sale of the land will generate an additional windfall receipt in support of the Council's capital programme. The table below provides details of the offer that has been received for the site.

	Offeror	Gross Offer (£)	Fees (£)	Net Offer (£)	Market Value (£)	Scheme Details	Funding
1	Home Group	210,000	10,000	200,000	200,000	64 bed Extra Care	Combined inter-company funding and bank loan.

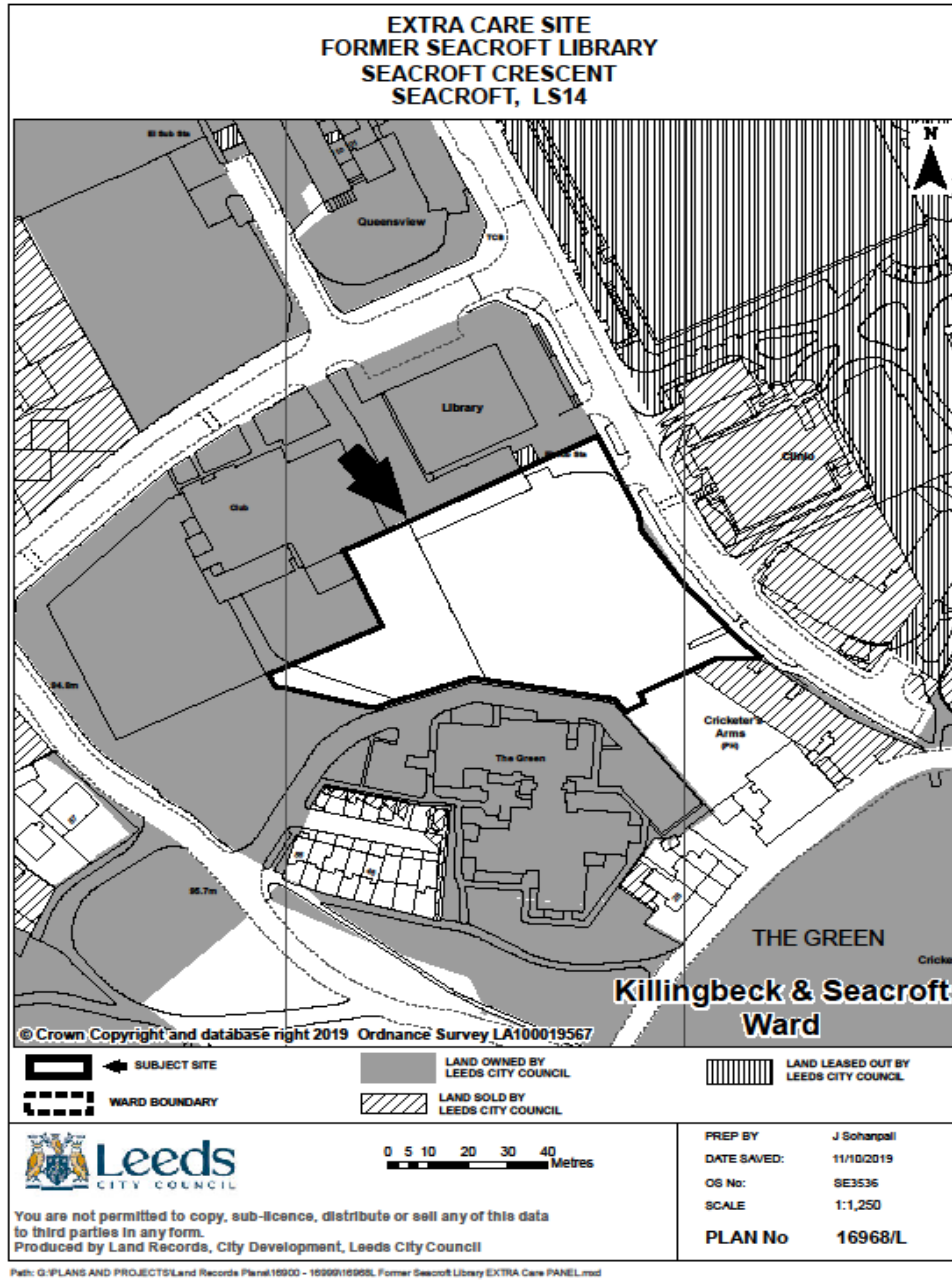
Recommendations

Executive Board is recommended to:

- Note that the Director of City Development, in consultation with the Executive Member for Resources, progresses with the disposal of the subject land.
- Grant approval to enter into the Development Agreement with the consortium;
- Grant approval that any subsequent amendments to the terms of the disposal be delegated to the Director of City Development to approve under the scheme of officer delegation, in consultation with the Executive Member for Resources;

1. Purpose of this report

1.1 The purpose of this report is to seek Board approval to dispose of a Council owned site on Seacroft Crescent in Killingbeck and Seacroft (see Plan No 16968/L), to facilitate the development of new Extra Care Housing in support of the Better Lives Programme established by Adults and Health.



1.2 The purpose of this report is also to seek agreement from Members of the final terms of the Development Agreement with the consortium which sets out the requirements of the Works and Services Specifications and also gives a timetable for the development as per the terms of the call off contract. Approval is sought for the Heads of Terms of the Development Agreement and to enter into said Development Agreement with the consortium.

2. Background information

- 2.1 This report follows approval by Executive Board on 17th July 2017 and 19th December 2018 on reports both entitled 'Council House Growth Programme - Delivery of Extra Care Housing'. Executive Board approved proposals for the delivery of Extra Care Housing for older people across the city as part of the Council House Growth Programme and to support the Better Lives Programme.
- 2.2 The resolutions at the above meetings, confirmed Executive Board's support for sites within Package 1 to deliver Extra Care Housing with higher levels of affordable housing than required under Planning Policy, along with delivering a wider social value impact, most notably in section 4.6.3 of the December 2018 report.
- 2.3 Executive Board has previously considered similar recommendations based on the standard approach taken by the Council to assess the valuation of schemes and has approved the disposal of sites to various Registered Providers in pursuit of housing growth and in recognition of the strategic benefits which will be achieved.
- 2.4 For the Seacroft Crescent site these include 100% nomination rights on all affordable rented units for the first lettings, followed by 75% nomination rights on subsequent re-lets for 60 years; delivering Extra Care Housing in an area where there is a current undersupply; and an opportunity to create employment and training opportunities.
- 2.5 The proposed development of Extra Care housing on the Seacroft Crescent site is complementary to the general needs housing development on the Seacroft Crescent North site which is currently being developed by Keepmoat as part of the council's brownfield land programme.

3. Main issues

Appointment of an Extra Care Housing delivery partner

- 3.1 As part of the Better Lives Programme there has been a significant amount of research undertaken by Adults and Health to determine how Leeds City Council should respond to the predicted increase in the number of older people living longer with long term health conditions whilst improving individual choice in terms of how they access care and support. As set out in the Better Lives Programme Phase Three Report in September 2016 which was endorsed by the Executive Board, the Council continues to investigate opportunities to realign services to better fit the needs and aspirations of older people in Leeds and a key element of this approach has been the delivery of extra care housing as an alternative model to residential care under the auspices of the Extra Care programme.
- 3.2 The programme has been split into two packages. In Package 1 the schemes will be delivered and managed by an external provider with the Council having nomination rights on all affordable rented units. Package 2 will be delivered directly by the Council with all the units being let at affordable rent levels and managed by the Council.
- 3.3 Seacroft Crescent was one of the Council owned sites dedicated to the delivery of Extra Care Housing by Executive Board in July 2017. In accordance with the procurement strategy approved by Executive Board, the Council approached providers on the North Yorkshire County Council (NYCC) Extra Care Housing framework to gauge their interest in delivering the first four sites in Package 1 – Westerton Walk,

Ardsley and Robin Hood; Seacroft Crescent, Killingbeck and Seacroft; Windlesford Green, Rothwell; and Farrar Lane, Adel & Wharfedale.

- 3.4 The NYCC Extra Care procurement framework was used to appoint the consortium to design, build and operate Extra Care Housing on Seacroft Crescent and three other Package 1 sites. Bidders were required to submit a net purchase offer and detailed designs for the Westerton Walk site and gross offers for the three subsequent sites.
- 3.5 Following the conclusion of the procurement process, the Director of Resources and Housing, in accordance with his delegated authority, approved the decision to enter into a contract with the recommended consortium made up of Ashley House Ltd/Morgan Ashley LLP and Home Group for the development of the Package 1 sites. Seacroft Crescent will be the second site to be developed through this agreement. At its meeting on 19th December 2018, Executive Board noted that responsibility for negotiating the terms and consideration of the Package 1 sites was delegated to the Director of City Development who would seek final approval of the final terms of disposal from Executive Board.
- 3.6 On 18th September 2019, Executive Board gave approval to dispose with land at Westerton Walk in the Robin Hood and Ardsley Ward to the consortium at a less than best value to develop an Extra Care Housing scheme, and gave approval to enter into a Development Agreement with the consortium.
- 3.7 A mini-tender procurement exercise was held in June 2019, to ensure that the consortium developed the Seacroft Crescent site to the same design standards as the Westerton Walk site, which had detail designs as part of the original procurement exercise. It also confirmed the number of affordable units, the percentage of affordable housing in the development

Site

- 3.8 The site is located off a cul-de-sac and includes land which was previously occupied by Seacroft Youth Club, with the wider site having previously contained the former Seacroft Library and East Leeds Labour Club. The Library moved to the Seacroft Community Hub at Deacon House in July 2017, and demolition work was carried out across the site between October and December 2017.
- 3.9 The site has been identified for Extra Care Housing due to high levels of demand for such provision in the Outer South locality. The Council has undertaken a comprehensive demand analysis of Extra Care Housing to identify the quantity and type of specialist older peoples housing required across the city currently with forecasts up to 2028. There is only one Extra Care Housing scheme in the Inner East committee area where Seacroft Crescent is located, however this is in the Burmantofts and Richmond Hill ward and there still remains a high demand for an Extra Care Housing scheme within the Killingbeck and Seacroft ward.
- 3.10 A Development Agreement has been drafted and provisionally agreed between Leeds City Council and the consortium to carry out the Seacroft Crescent development. This will ensure that the consortium meets the requirements of the Works and Services Specifications and also gives a timetable for the development as per the call off terms set out in Extra Care Housing for Older People contract DN336766.

Socioeconomic benefits resulting from the disposal

- 3.11 The Council have added a contractual requirement to the agreement with the Consortium to ensure that 100% of the new development at Seacroft Crescent will be affordable homes for rent. This level of affordable housing significantly exceeds the minimum planning policy requirement of 5% for the Seacroft area.
- 3.12 Initial financial comparisons on the average cost of residential care (local authority and independent sector provision) versus extra care (based on the actual tendered cost of care package for Seacroft Crescent provided by the consortium) reveal that Extra Care Housing, even with all care recipients having high care and support needs, provides the opportunity to realise significant system cost savings. Further detail on expected savings to the Council is provided in the 'Resources and value for money' section.

Land disposal

- 3.13 Under the terms of the Development Agreement to be entered into with the Council, the consortium will be required to work under licence for the duration of the build programme. The land transfer will complete once the consortium can evidence that the completed Extra Care Housing scheme meets the specification included in the Development Agreement.
- 3.14 As part of the mini tender process, the consortium were required to submit an offer for the land at Seacroft Crescent. The offer received met the valuation of the land expected by the Asset Management section in City Development, and therefore, unlike the site at Westerton Walk, approval to dispose at less than best value is not required.
- 3.15 Planning permission was submitted by the consortium in August 2019 following consultation with local ward members and residents, and with a decision on the application due shortly.
- 3.16 Subject to planning permission, completion is expected before the end of the third quarter 2021.

Heads of terms

3.17 Heads of Terms

In addition to the details included in the table above the main terms that will be incorporated into the Development Agreement comprise:

- Tenure – All the units will be affordable and will be let at 'Affordable Rent' equivalent to 80% of the market rent.
- Nomination Rights – the developer/purchaser will enter into a nominations agreement to grant the Council the right to nominate tenants for a period of 60 years to 100% of all new lettings and 75% of subsequent lettings of the affordable units.
- Freehold Transfer – the freehold interest in the land will be transferred to the purchaser following satisfactory completion of the development.

- Payment – 10% of the purchase price will be paid upon the signing of the Development agreement with the remaining 90% payable upon satisfactory completion of the development and transfer of the freehold interest.
- Licences/easements – the developer will be granted all the necessary licences to undertake the works.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation has taken place with the Killingbeck and Seacroft Ward Members throughout the duration of the project with regular briefing notes during the pre-tender and tender period. Consultation has also taken place with Executive Member for Health, Wellbeing and Adults, Executive Member for Resources and Executive Member for Communities. Regular briefings will continue to take place for the duration of the project.
- 4.1.2 Council officers and representatives from the consortium met with Ward Members and local residents on 21st January 2019 and 5th March 2019 to discuss the scheme design and usage proposals. Overall, the feedback received was very positive and all three Ward Members support the development of an Extra Care Scheme on this Site.
- 4.1.3 Further meetings have also taken place with a Killingbeck and Seacroft Ward Member and local stakeholders to ensure there is no adverse impact that the scheme may have on the local Highways and Parking.
- 4.1.4 A communications plan has been prepared and implemented for the scheme delivery. This details how the Council and the consortium engage with key stakeholders, including Ward members and local residents, throughout all stages of project delivery. It also describes the multiple consultation events held for local residents which formed part of the statutory planning public consultation process.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The proposals for Extra Care Housing on the subject land will deliver 48 one bed apartments and 16 two bed apartments for older people with medium to high level care needs.

4.3 Council policies and the Best Council Plan

- 4.3.1 The Extra Care programme directly contributes to one of the Best Council Plan's 2019/20 outcomes of enabling residents with care and support needs to have choice and control.
- 4.3.2 The delivery of the Extra Care programme also contributes to the Housing priority contained within the Best Council Plan 2019/20 by providing the right housing options to support older and vulnerable residents to remain active and independent.

4.3.3 The programme supports the delivery of the Better Lives programme through:

- Supporting the health and well-being of older people who wish to live independently
- Providing an alternative to residential care
- Ensuring that older people have a wider choice of housing and care options including the provision of person centred care and support
- Increasing the supply of specialist homes for older people that are for rent, shared ownership and for sale.

Climate Emergency

4.3.4 The consortium has committed to delivering a scheme which offers low running costs to tenants through energy efficient designs and also ensures sustainable operation of the building by ensuring that the development meets the Council's core strategy policies EN1 (Climate Change – Carbon Dioxide) and EN2 (sustainable design and construction).

4.3.5 A Travel Plan, which is aimed at promoting greener, cleaner travel choices and reducing the reliance on the private car, has been produced for the development. The Travel Plan will be managed by a Travel Plan Co-ordinator who will carry out a questionnaire survey of the residents travel patterns and preferences. A subsequent action plan will be developed which aims to promote sustainable travel and reduce the number of car-borne trips.

4.3.6 The consortium is committed to offering opportunities for local training and employment and the engagement of local supply chain partners linked to the programme. A 'Meet the Buyer' event will be arranged prior to start on site to encourage local suppliers and the consortium has also committed to engaging with Leeds Building College regarding training and apprenticeship opportunities.

4.4 Resources, procurement and value for money

4.4.1 A multi-disciplinary cross directorate team has been established to deliver the project. This includes representatives from the Council Housing Growth Team, Housing Management, Adults and Health and City Development. The day to day management of the project is led by the Director of Resources and Housing who is working in partnership with the Director of Adults and Health.

4.4.2 If the land is sold the Council will cease to be responsible for the current and future maintenance liabilities for it.

4.4.3 As this site is not currently in the Council's capital receipt list, the sale of the land will generate an additional windfall receipt in support of the Council's capital programme.

4.4.4 Initial financial comparisons on the average cost of residential care (local authority and independent sector provision) versus Extra Care Housing (based on the actual tendered cost of care package for Westerton Walk provided by the consortium) reveal that Extra Care Housing, even with all care recipients having high care and support needs, provides the opportunity to realise significant system cost savings. Based on the minimum projected efficiency saving of £240.00 per week for an

individual with high support needs is applied against 100% of the scheme being affordable rent and the Council receiving 100% nomination rights for the Seacroft Crescent development, this would generate an estimated system cost saving of approximately £786,240 per annum.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The subject land has been declared surplus to operational requirements and no operational reason has been identified to justify its retention. In these circumstances, where recommended, a disposal represents prudent and economic asset management, obviating holding costs associated with managing the land.
- 4.5.2 The subject site was acquired by a conveyance dated 26 September 1936 authorised by the City of Leeds (Compulsory Purchase) (Number 3) Order 1934 Part III of the Housing Act 1925. Under the Crichton Down rules where land is acquired by or under the threat of compulsory purchase there is a requirement for the land to be offered back to the previous owners. This rule does not apply however where there has been a material change in the character of the land for example constructing or demolishing buildings. In this instance the Crichton Down rules do not apply.
- 4.5.3 This disposal would be permitted by the General Housing Consents 2013, which permits disposal at market value.
- 4.5.4 This report is a key decision and is therefore subject to call in.

4.6 Risk management

- 4.6.1 The risks associated with the proposed development have been identified, and mitigating actions put in place, prior to LCC entering into the Development Agreement:
- The site not being used for its intended purpose – A covenant will be included in the land transfer to ensure that the development will be used for Extra Care Housing or “alternative affordable provision” defined as “any alternative use of the Property to Extra Care Housing which is an affordable use as approved by Homes England and LCC” after completion of the build programme.
 - The agreed specification is not met – The land transfer can only complete once the consortium can evidence that the completed Extra Care scheme meets the specification included in the Development Agreement.
 - The development is not completed before July 2021 – Under the terms of the agreement, the consortium have committed to delivering the scheme by the target date of July 2021 subject to delays caused by Force Majeure events.
 - Poor Contract Management – this will be mitigated through monthly performance meetings with the consortium.
 - Damage to the Council’s Reputation – this has been mitigated through a robust communications plan which the Council have developed in conjunction with the consortium to ensure that local residents, ward members and other key stakeholders are fully engaged at pre-planning stage, through to the construction period.

5. Conclusions

- 5.1 The project will contribute to the Council's strategic objective of delivering the Leeds Vision for Extra Care Housing by working with partner organisations to construct more than 1,000 units of Extra Care Housing by 2028 to meet the growing demand for this accommodation type and population forecasts.
- 5.2 The land at the Seacroft Crescent site, which is to be used for Extra Care Housing accommodation, is being sold to the consortium at a price which meets Leeds City Council's valuation of the site.
- 5.3 The subject site has been identified for Extra Care Housing due to high levels of demand for such provision in the Inner East locality. Adults and Health have undertaken a comprehensive demand analysis of Extra Care Housing to identify the quantity and type of specialist older people's housing required across the city currently with forecasts up to 2028. There is only one Extra Care Housing scheme in the Inner East committee area where Seacroft Crescent is located, however this is in the Burmantofts and Richmond Hill ward and there still remains a high demand for an Extra Care Housing scheme within the Killingbeck and Seacroft ward.
- 5.4 The benefits of the proposed scheme on the subject land include 100% affordable rented units with full nomination rights for the first lettings, followed by 75% nomination rights on subsequent lettings for a period of 60 years; delivering Extra Care Housing in an area where there is a current undersupply; and an opportunity to create employment and training opportunities. In all such cases the terms of disposal would include restrictions to ensure that the site could only be used for the provision of Extra Care Housing.
- 5.5 The Council have added a contractual requirement to the Development Agreement to ensure that 100% of the new development at Westerton Walk would be affordable homes for rent. This level of affordable housing significantly exceeds the minimum planning policy requirement of 5% for the Killingbeck and Seacroft area.

6. Recommendations

6.1 Executive Board is recommended to:

- (i) Note that the Director of City Development, in consultation with the Executive Member for Resources, progresses with the disposal of the subject land.
- (ii) Grant approval to enter into the Development Agreement with the consortium;
- (iii) Grant approval that any subsequent amendments to the terms of the disposal be delegated to the Director of City Development to approve under the scheme of officer delegation, in consultation with the Executive Member for Resources.

7. Background documents¹

7.1 None.

8. Appendices

8.1 Appendix 1 – Equality, Diversity, Cohesion and Integration Screening

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.