

**Report: Council Housing Growth Team**

**Report to: Director of Resources and Housing**

**Date: Tuesday 2<sup>nd</sup> July 2019**

**Subject: Council Housing Growth Programme: Extra Care Package 1 – To seek authority to formally accept the tender in connection with the Seacroft Crescent site.**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Killingbeck and Seacroft	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number; 10.4 ( 3 ) Appendix No. 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

Further to the approval of the report 'Appointment of partner via the North Yorkshire County Council framework to deliver four Extra Care schemes across the city' by the Director of Housing and Resources, dated 30<sup>th</sup> November 2018, this latest report sets out proposals to formally accept the tender submitted on Monday 17<sup>th</sup> June 2019 by the consortium made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build and manage Extra Care Housing at Seacroft Crescent, in the Killingbeck and Seacroft ward following a mini tender which was published on Monday 3<sup>rd</sup> June 2019.

Subject to authority to accept the tender submitted for Seacroft Crescent, the Council will subsequently request authority from Executive Board to enter into a Development Agreement and issue the Terms and Conditions for execution by the duly authorised officers on behalf of the consortium, and on receipt of said documentation will arrange for execution on behalf of the Council. Final terms of this Development Agreement will be set out in the subsequent Executive Board report.

The purchase value for Seacroft Crescent offered by the consortium as per the pricing schedule submitted in the tender documentation is detailed in (**confidential appendix 1**). This is the site cost which is payable to the Council following execution and completion of the development agreement in respect of the purchase of the site. The offer submitted will be conditional on planning permission being granted, and any unknown ground conditions.

The proposed development will deliver 64 individual Extra Care apartments made up of 48 one bed apartments and 16 two bed apartments for older people with medium to high level care needs.

Home Group and Morgan Ashley 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 scheme meets the specification included in the subsequent Development Agreement

## **Recommendations**

The Director of Resources and Housing is recommended to approve the decision to formally accept the tender submitted on Monday 17<sup>th</sup> June 2019 by the consortium made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build and manage 64 Extra Care individual apartments with communal facilities at Seacroft Crescent, in the Killingbeck and Seacroft ward.

- 1.1 The purpose of this report is to seek authority to formally accept the tender submitted on Monday 17<sup>th</sup> June 2019 by the consortium made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build and manage 64 Extra Care individual apartments with communal facilities at Seacroft Crescent in support of the Better Lives Programme established by Adults and Health.

## **2 Background information**

- 2.1 The North Yorkshire County Council (NYCC) Extra Care procurement framework was used to appoint a delivery partner to design, build and operate Extra Care Housing on Westerton Walk and, subject to approval through a mini-tender process, three other Package 1 sites - Seacroft Crescent, Seacroft; Windlesford Green, Woodlesford; and Farrar Lane, Holt Park.
- 2.2 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 partnership contract with the consortia of Ashley House Ltd/Morgan Ashley LLP and Home Group for the Package 1 sites. Seacroft Crescent will be the second site to be developed through this partnership and has been subject to a mini-procurement exercise.
- 2.3 Package 1 will deliver higher levels of affordable housing than required under Planning Policy including 100% nomination rights on the affordable rented units for the first lettings, followed by 75% nomination rights for 60 years; delivering Extra Care Housing in an area where there is a current undersupply. The programme will also deliver wider social value impact including employment and training opportunities.

## **3 Main Issues**

- 3.1 As per clause 4B.2 in contract DN336766, the consortium have submitted to the Council a Subsequent Tender for the Seacroft Crescent site within 10 working days of issue which:
- meets the requirements of the Works Specification and the Services Specification;
  - complies with the relevant parts of the Tender;
  - meets the minimum requirements set out in the Mini Competition Instructions;
  - includes a programme for delivery of the Works and/or Services;
  - indicates the number of units to be built at the Subsequent Site and the amount of which will be available to the Council for nomination;
  - sets the price to be paid by the consortium made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to the Council for the Subsequent Site pursuant to the Subsequent Development Agreement which shall be based on the price for such site included in the Tender subject to

reasonable adjustments as set out in Part 8.3.3.d.ii (Pricing Schedule) of the Mini Competition Instructions.

- 3.2 The documents received on 17<sup>th</sup> July have been reviewed by Officers from Planning, Property and Contracts, Council Housing Growth Team, Procurement and Adults and Health to ensure that they meet the required specifications.
- 3.3 The Seacroft Crescent 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 peoples housing required across the city currently with forecasts up to 2028.
- 3.4 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 scheme meets the specification included in the subsequent Development Agreement.
- 3.5 The consortium have agreed to ensure that the development is completed by July 2021

#### **4 Corporate Consideration**

##### **4.1 Consultation and Engagement**

- 4.1.1 Council officers and representatives from the consortium met with Ward Members on 31<sup>st</sup> January 2019 and 9<sup>th</sup> May 2019 to discuss the scheme design and usage proposals and no objections were received.
- 4.1.2 A communications plan has been prepared for the scheme delivery in consultation with Ward Members. This details how the Council and the consortium will engage with key stakeholders, including Ward members and local residents, throughout all stages of project delivery. Multiple consultation events were held for local residents in May 2019, which form 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 City Priorities**

- 4.3.1 The Extra Care programme directly contributes to one of the Best Council Plan's 2019/20 outcomes to provide the right housing options to support older and vulnerable residents to remain active and independent.
- 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 creating housing of the right quality, type, tenure and affordability in the right places. It also promotes choices

for older people and supports them to live with dignity and stay independent for as long as possible.

4.3.3 In addition, the cross-cutting Extra Care programme works towards the Health and Wellbeing objective, notably, by supporting self-care with more people managing their own health conditions in their community, and enabling people with care and support needs to have choice and control.

4.3.4 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.

#### 4.4 **Climate Emergency**

4.4.1 At the March 2019 Full Council meeting and April 2019 Executive Board a Climate Emergency was declared by the Council, but noted that Leeds can become a carbon neutral city by 2050—and could potentially achieve the 2030 target, according to a new “carbon roadmap” report published by the Leeds Climate Commission.

4.4.2 As well as making Leeds more sustainable, many of the proposed changes would help improve the health and wellbeing of residents by further reducing air pollution and encouraging active travel; whilst growing and strengthening the city’s economy for all through investments in energy efficient homes, renewable energy and future technologies

4.4.3 The Council committed to doing more to tackle climate change and to consider the carbon impact of every decision it takes. Some of the actions identified to achieve this include ensuring that new buildings are carbon neutral.

4.4.4 The Council developed the Leeds Standard and specification to set out its requirements in respect of all new homes in Leeds a few years ago. The specification primarily focusses on cutting carbon, improving air quality and tackling fuel poverty, and central to this is the well-being of tenants. It plays a key role in ensuring excellence in delivery through design quality, space standards and energy efficiency standards.

4.4.5 This approach which will be applied to new Extra Care developments will help us achieve the ambition to reduce carbon by achieving a very high performance levels and build standards whilst at the same time ensuring our properties are designed in such a way as to ensure they will meet the housing needs of existing and future generations.

#### 4.5 **Resources and Value for Money**

- 4.5.1 The proposed development will be privately financed.
- 4.5.2 The sale of the land will generate a capital receipt in support of the Council's Capital Programme.
- 4.5.3 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 (**confidential appendix 1**).

#### 4.6 **Legal Implications, Access to Information and Call In**

- 4.6.1 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.
- 4.6.2 This is a Significant Operational Decision and is exempt from call in.

#### 4.7 **Risk Management**

- 4.7.1 An Extra Care Package 1 Land Transfer project team has been established since January 2019, with representation from Legal Services Commercial Property Team, Procurement, Council Housing Growth Team and Land and Property. The key objective of the project team has been to assess all risks associated with the land transfer, and agree a position with the consortium to minimise those risks, prior to entering into the Development Agreement.
- 4.7.2 Risks have also been added to a programme risk log which is reviewed on a monthly basis with high level risks reported to the Council Housing Growth Programme Board so that the mitigating actions can be reviewed. The project team will continue to monitor the identified risks and consider any new risks moving forward.
- 4.7.3 The following risks specific issues 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 subsequent Development Agreement 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.
- Poor Contract Management – this will be mitigated through monthly performance meetings with the consortium.
- Damage to the Council's Reputation – this has be 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 Conclusion**

- 5.1 Following the conclusion of the procurement process through the North Yorkshire County Council (NYCC) Extra Care Framework, the Director of Resources and Housing, in accordance with his delegated authority, approved the decision to enter into a partnership contract with the consortia of Ashley House Ltd/Morgan Ashley LLP and Home Group for the Package 1 sites. Seacroft Crescent will be the second site to be developed through this partnership.
- 5.2 An Extra Care Package 1 Land Transfer project team has been established since January 2019 to assess all risks associated with the land transfer, and agree a position with the consortium in order to minimise those risks, prior to entering into a Development Agreement.
- 5.3 Under the terms of the future 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 scheme meets the specification included in the Development Agreement.
- 5.4 The Council will add a contractual requirement to the Development Agreement 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 15% for the Killingbeck and Seacroft area. The Council will obtain 100% nomination rights on the affordable rental units and 75% nomination rights on subsequent relets for a period of 60 years.

## **6 Recommendations**

- 6.1 The Director of Resources and Housing is recommended to approve the decision to formally accept the tender submitted on Monday 17th June 2019 by the consortium made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build and manage 64 Extra Care individual apartments with communal facilities at Seacroft Crescent, in the Killingbeck and Seacroft.

7.0 **Background documents<sup>1</sup>**

None.

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