

Report of Council Housing Growth Team

Report to Director of City Development

Date: 25th September 2019

Subject: Council Housing Growth Programme: Extra Care Package 1 – Enter into a Development Agreement with Home Group Ltd and Ashley House/Morgan Ashley LLP to deliver 63 Extra Care Housing apartments at Westerton Walk, West Ardsley

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Ardsley & Robin Hood	<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; Appendix No.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- Further to the approval of the reports '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 30th November 2018, and 'Disposal of land located on Westerton Walk, Ardsley and Robin Hood, for Extra Care Housing delivery and final terms of Development Agreement' by the Director of Housing and Resources dated 18th September 2019, this latest report sets out proposals to enter into a Development Agreement with a consortia made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build and manage Extra Care Housing at Westerton Walk, West Ardsley.
- Executive Board approval was received on 18th September 2019 for the sale of the subject land to Home Group at less than best the purchase price. 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 Development Agreement.

Recommendations

Director of City Development is recommended to:

- Approve the decision to enter into a Development Agreement with a consortia made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build 63 extra care individual apartments with communal facilities at Westerton Walk, West Ardsley.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval from the Director of City Development to enter into a Development Agreement with a consortia made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build Extra Care Housing at Westerton Walk, West Ardsley, in support of the Better Lives Programme established by the Adults and Health directorate.

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 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. Westerton Walk will be the first site to be developed through this partnership.
- 2.3 This report follows approval by Executive Board on 18th September 2019 of a report entitled 'Disposal of land located on Westerton Walk, Ardsley and Robin Hood, for Extra Care Housing delivery and final terms of Development Agreement' for the sale of the subject land to Home Group at a less than best purchase price.
- 2.4 By approving the report Executive Board confirmed their support of disposing the Westerton Walk site at less than best consideration in order to deliver Extra Care Housing with higher levels of affordable housing than required under Planning Policy, along with delivering a wider social value impact.
- 2.5 These include 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; and an opportunity to create employment and training opportunities.

3 Main Issues

- 3.1 The Westerton Walk site has been identified for Extra Care Housing due to high levels of demand for such provision in the Outer South 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. There is currently no provision of Extra Care Housing in the Outer South committee area where Westerton Walk is located.

- 3.2 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 scheme meets the specification included in the Development Agreement.
- 3.3 In order to comply with European State Aid Directives, and given that the land will be sold at a less than best purchase price, the terms of disposal include restrictions to ensure that the site can only be used for the provision of 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.
- 3.4 The consortium have also agreed to ensure that the development is completed by June 2021.

4 Corporate Consideration

4.1 Consultation and Engagement

- 4.1.1 Consultation has taken place with the Ardsley and Robin Hood 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 on 15th January and 19th February 2019 to discuss the scheme design and usage proposals. Overall the feedback received was very positive and all three Ward Members fully support the development of an Extra Care Scheme on this Site. A Ward Member also provided a supporting comment during the planning process stating: “My ward colleagues and I support this application for much needed support for our older residents on this brownfield site. We have been involved with pre-application consultation. In particular we support the community uses for part of the site which will help tackle social isolation, and although not a part of the planning application itself we support the promise of a local link being part of the allocation process for these units.”
- 4.1.3 Ward Members were also consulted on 13th March 2019 regarding proposals to dispose of the site to the consortium at less than best consideration and no objections were received.
- 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 41 one bed apartments and 22 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 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.

4.4 **Resources 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 Westerton Walk 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 from Morley Borough Council following Local Government reorganisation and is held by the Council under the Local Government Act 1972. Under s123 of the Local Government Act 1972 the council may not dispose of land for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. This disposal would be permitted by the General Disposal Consent (England) 2003, which permits disposal of any interest in land at less than best consideration where the council considers it will help it to secure the promotion or improvement of the economic social or environmental well-being of its area, subject to the condition that the undervalue (i.e. the difference between the consideration obtained and the best consideration that can reasonably be obtained) does not exceed £2million.
- 4.5.3 As such the exercise being carried out meets the requirements outlined above and the use of s106 monies also complies with terms under which they were collected.
- 4.5.4 The recommendations in this report are linked to key decisions dated 21st September 2016, 17th July 2017, 21st November 2018 and 19th December 2018 and are not therefore key decisions.

4.6 Risk Management

- 4.6.1 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.
- 4.6.2 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.
- 4.6.3 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 has been included in the Development Agreement to ensure that the development will only ever be used for Extra Care Housing 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.
- 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 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. Westerton Walk will be the first site to be developed through this partnership.
- 5.2 This report follows approval by Executive Board on 18th September 2019 of a report entitled 'Disposal of land located on Westerton Walk, Ardsley and Robin Hood, for Extra Care Housing delivery and final terms of Development Agreement' for the sale of the subject land to the consortia of Ashley House Ltd/Morgan Ashley LLP and Home Group at less than best purchase price.
- 5.3 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 the Development Agreement.
- 5.4 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 scheme meets the specification included in the Development Agreement.
- 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 15% for the West Ardsley 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 City Development is recommended to:

(i) Approve the decision to enter into a Development Agreement with a consortia made up of Ashley House Ltd/Morgan Ashley LLP and Home Group Ltd to build, 63 extra care individual apartments with communal facilities at Westerton Walk, West Ardsley.

7. Background documents¹

7.1 Appendix A - Red line boundary – Westerton Walk site

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.