
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 18
DATE OF MEETING:	23rd October 2008	CATEGORY: RECOMMENDED
REPORT FROM:	Mark Alflat – Director of Community Services	OPEN
MEMBERS' CONTACT POINT:	Bob Ledger	DOC:
SUBJECT:	Extra Care Housing project: Site of Willoughby House / Granville Court	REF:
WARD(S) AFFECTED:	Swadlincote	TERMS OF REFERENCE: HCSO1, FM01

1. Recommendations and Purpose

- 1.1 That officers continue to progress options for the redevelopment of the Willoughby House and Granville Court sheltered housing properties into a new Extra Care Housing project.
- 1.2 To confirm that the project fits within the Investment and Resource Strategy for Affordable Housing as approved at the February 2008 cycle of Committee meetings and amended by this report i.e. Sheltered Housing Vision and Standards to include the replacement of elderly persons' accommodation with that of a higher standard.
- 1.3 That the buildings and associated land at Granville Court and Willoughby House be contributed at nil cost to the overall development project. Before such a transaction is enacted this will need the prior approval of the Council's auditors to ensure that it is exempt from government 'pooling rules as they relate to the disposal of housing assets.
- 1.4 To note that as this matter has service delivery implications it was also considered by the Housing and Community Services meeting held on the 16th of October 2008.

2. Background

- 2.1 Willoughby House and Granville Court are two sheltered housing schemes across the road from one another in Hall Farm Road, Swadlincote. Until 2006, when it was demolished, the County Council's Oaklands property, centred on dementia sufferers, was also adjacent. These three sites are also surrounded by elderly persons' bungalows in Hall Farm Road, Hall Farm Close and Wideshaft.
- 2.2 The area is very much an elderly person's community.
- 2.3 In sheltered housing inspections by the audit commission in 2001 and 2002 the Council was criticised for having out dated accommodation and for not having a vision of the kind of sheltered housing service it wished to deliver. Since then we

have sold two large sheltered housing properties that did not meet modern standards, Bass's Crescent and Smallthorne Place, and established a vision and standards for the remaining stock that we are towards the end of implementing.

- 2.4 As part of continuing with our programme of improvements and compliance with the vision, Committee agreed in August 2007 that we need to address the poor level of provision and accommodation offered by Willoughby House and Granville Court.
- 2.5 Willoughby House was completed in 1973. It has 20 bedsit flats. These are not popular with applicants and if any property in South Derbyshire can be described as 'difficult to let' it is these properties purely on the grounds of size of accommodation. The area is popular as evidenced by the heavy demand for the nearby bungalows.
 - 2.5.1 The problems with letting bedsit accommodation are not new. There are records on housing files referring to such problems at Willoughby from at least the early 1990s. Seven or so years ago the Council looked to improve the situation at Willoughby by installing individual shower units into the properties. This certainly helped but was only delaying the inevitable. The property needs wholesale refurbishment or complete change to make it meet modern standards.
 - 2.5.2 There are two houses attached to the Willoughby development originally for staff accommodation.
- 2.6 Granville Court dates from 1963. It was originally built as 20 small flats, warden's flat, guest room, communal lounge, etc. Again it appears over the years that there have been problems with popularity and lettings due to the nature of the accommodation on offer. There have been issues with the use of the building since at least 1986 according to Housing files. In 1988 large scale work was done to reconfigure the arrangement of the flats which reduced the number of self contained flats to 6, created 4 bedsit respite units, consolidated the position of the Careline team in the building, increased the size of the lounge and improved access throughout the building. The respite units were created in conjunction with County Council colleagues although usage for this purpose has been very limited.
 - 2.6.1 Granville Court does not make good use of the land it occupies with only six residents.
- 2.7 The February 2008 meeting of this Committee agreed a Resource and Investment Strategy as related to the use of housing assets. The need for such a strategy is both good practice, as recognised in the recent Audit Commission inspection, and as part of the way of avoiding government pooling rules on the use of housing receipts i.e. assets disposals have to be part of an agreed strategy and conform to Government investment priorities. The February Committee meeting agreed that the three priorities to benefit from the disposal of housing assets were to be: 1) the Council's sheltered housing vision; 2) affordable rural housing and 3) private sector leasing scheme.
- 2.8 In August 2007 Committee requested that officers progress the refurbishment and redevelopment options in relation to Willoughby House and Granville Court. As the report stated, the demolition of the County Council Oaklands unit, which sits between the Granville and Willoughby sites, made it an opportune time to look meaningfully at providing more modern accommodation on the combined site that meets the requirements of the current and likely future residents.

3. Progress so far

- 3.1 As stated in the August 2007 Committee report, some work had been done at that time on the refurbishment costs of the existing Willoughby and Granville schemes as well as a joint project with the County Council that would encompass all three sites in one modern high prestige project.
- 3.2 The costs of refurbishment of both units and development into traditional sheltered accommodation have been estimated by our in-house Quantity Surveyor to be in the order of £750,000. This includes reducing the overall number of units in Willoughby and making larger flats, increasing the number of flats in Granville and making better overall use of the space. The lift at Willoughby is in dire need of replacement and the rear grounds of Willoughby need better protection from the public right of way up to Swadlincote Woodlands. The £750k estimate of making the accommodation fit for purpose for the next 20 years is likely to be on the conservative side. Clearly the District Council does not have the resources to fund such work without substantially changing existing spend commitments or substantially reducing balances on the HRA (Housing Revenue Account).
- 3.3 Once the initial feasibility of refurbishment got to the stage of cost estimates in the order of £750k no further work was done on that option on the grounds that there was little prospect of finding the resources and there was an emerging alternative identified with the possibility of not having to find additional funds and also substantially increasing the level of provision on the site.
- 3.4 The proposal is to deliver an Extra Care Housing Village project with residential care on the three-part site i.e. the existing Granville and Willoughby and the previous Oaklands sites. The village concept would also include the existing, and to remain, bungalows in Hall Farm Road and Close. The area would become an elderly person's village.
- 3.5 The Extra Care Housing concept is about changing the level of care that someone needs around them as they grow older or more infirm rather than forcing them into a change of accommodation. In short a person centred rather than accommodation based solution to changing care needs. The extreme scenario of current care housing is that someone may move from their family housing into sheltered housing and from there in to residential care and from there into nursing care as their needs change i.e. the idea is to replace up to 3 accommodation moves with 1.
- 3.6 In addition the Extra Care concept includes making the elderly persons' unit self sufficient in terms of many social and community activities i.e. the village centre of such schemes usually include a lounge, bar, shop, meeting hall, restaurant, hairdressers, doctors (and other medicals) consulting area, library, IT suite, gym, jacuzzi, etc.
- 3.7 Extra Care Housing of the type being described is still relatively new but is seen as the future in terms of special needs accommodation for the elderly in the 21st century. There was a recent announcement of scheme in Derby and there has been a well regarded scheme in Lichfield for around 3 years now.
- 3.8 The proposal now being progressed for Swadlincote mirrors the high prestige units that are starting to be developed nationwide but also has an additional uniqueness to it in that it would also include additional, more traditional residential care units and some respite care units in a separate 'wing' of the building.

- 3.9 As a housing with care provider already delivering specialist accommodation in the District, Trident Housing Association were invited along with the County Council and ourselves to develop the project further.
- 3.10 A bid was made to the Housing Corporation for funds and an award of over £2m was made on the basis that the land package for the whole would be given at nil value. The Housing Corporation grant would help fund the Extra Care Housing and a proportionate part of the village centre, it could not be used to fund the additional care places.
- 3.11 Architects were originally engaged at risk and have subsequently developed proposals jointly funded by Trident and the County.
- 3.12 Over the last year residents have been kept informed of progress in two letters and the Head of Housing had some provisional plans which he invited residents of the area to view just before Christmas in 2007.
- 3.13 The course of the project has had a number of challenges to overcome so far and there are still some further to overcome. However the next few months will be key for the project and therefore it is an opportune time to report back to members on progress and seek approval for the project as currently designed.
- 3.14 The overall development value of the proposed total Extra and Special care scheme is well in excess of £20m.
- 3.15 Extra Care projects are partially funded by the sale of some units direct to future residents. The common model is for a third of the units to be for rent, a third for shared ownership (part rent/part buy) and a third for outright sale. Some projects work on higher percentages of sale such as the Derby proposal.
- 3.16 In the Swadlincote project we're working on providing 50% of the proposed 86 Extra Care units for rent i.e. 43. In effect we will be replacing the 27 rented units in Granville and Willoughby with 43 up to date modern units. The other units will be divided between outright sale and shared ownership. The reason for a higher percentage of rented units being negotiated in the Swadlincote project is to not just to reflect the investment being proposed in terms of the District Council's land but a philosophy that such high prestige and specified projects should be accessed by all including those without the resources to buy in to the project.
- 3.17 In the current design of the scheme additional land does need to be acquired and that is currently being negotiated by the Housing Association partner, Trident.
- 3.18 If the project does proceed the resultant Extra Care Housing elements of the project would be owned by Trident Housing Association and the residential and respite units by the County Council. Both organisations are projecting capital investment in excess of £7m each.
- 3.19 As mentioned above the Council has established the provision of sheltered housing that meets (or exceeds) its established vision and standards as an investment priority. It is clear that modern extra care accommodation fits that description i.e. it is aimed at the elderly and infirm and is of a very high standard. In order to be clear though in relation to meeting both the government's investment priorities and conforming to the Council's own Resource and Investment strategy that the Sheltered Housing Vision includes the replacement of current provision with new build accommodation for the elderly.

4. Corporate implications

- 4.1 A vision and standards programme for Sheltered Housing has been agreed by Committee. Granville Court and Willoughby House do not make good use of the land available and for the most part the accommodation offered is outdated and of low standard.
- 4.2 There may be opportunity to work in partnership to create modern accommodation that better meets the requirement of current and future residents.

5. Community implications

- 5.1 Keeping current residents informed of our proposals as they develop is a key concern. This process has already commenced and a commitment given to the next step in the process.

6. Financial implications

- 6.1 The contribution of land is a potential 'lost receipt' if the properties were sold on the open market. The rental income stream from the 14 occupied properties in Willoughby House, the two attached houses and the six occupied properties in Granville Court equates to just under £59,000 annually.
- 6.2 However the benefits of the proposal are to deliver more rented units than being demolished as well as an overall highly prestigious elderly persons village project close to the town centre of Swadlincote. The Council's land contribution will lever in around £18m investment into the area.
- 6.3 If the land is not contributed towards the proposed development project and it does not therefore proceed, the Council would have significant issues to face in terms of the standard of accommodation being provided and the difficulty in letting the flats.
- 6.4 The proposal entails the Council disposing of housing assets at effectively nil value. Although the Council would not receive a cash amount from the disposal, it would still be subject to the Government's pooling requirement, i.e. 50% of the value of the land and 75% of the value of the buildings.
- 6.5 This would be based on the valuation of the assets concerned and in this case, could be significant. Therefore, the Council would in principle, need to find capital resources to pay the pooling amount.
- 6.6 The Council is able to avoid the pooling amount, if it can gain approval from its external auditors for this particular scheme to be designated as "low cost affordable housing" under the Resource and Investment Strategy for Housing. Therefore, this proposal can only be approved in principle at this stage, subject to the approval of the Council's auditors.