

EXECUTIVE BOARD – 17 JUNE 2014

Subject:	Redevelopment of Hazel Hill site, Beckhampton Road, Bestwood Park		
Corporate Director(s)/ Director(s):	David Bishop, Corporate Director for Development and Growth Candida Brudenell, Strategic Director for Early Intervention		
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration Councillor Alex Norris, Portfolio Holder for Adults, Commissioning and Health		
Report author and contact details:	Mark Lowe, Regeneration Manager mark.lowe@nottinghamcity.gov.uk 0115 8763532		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £1.260m (£1.1m capital and £0.160m land capital receipt)			
Wards affected: Bestwood	Date of consultation with Portfolio Holder(s): 27 March 2014 and 21 May 2014		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users): This report provides Board with the rationale for and the process that underpins the selection of ASRA Housing Group as a delivery partner to develop an extra care scheme on the Hazel Hill site. Extra Care accommodation allows older people to live independently in a quality environment with services that are flexible according to a persons need.			
Exempt information: None			
Recommendation(s):			
1	To approve the selection of ASRA Housing Group as the Registered Provider partner to develop a Design and Build, circa 70 unit, affordable housing rented extra care scheme.		
2.	To grant delegated authority to the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration, in consultation with the Corporate Director for Development and Growth and the Directors of Legal and Democratic Services and Strategic Finance to agree terms and conditions with ASRA to deliver an extra care scheme.		

3.	To approve the disposal of the Hazel Hill site to ASRA at less than best consideration to facilitate the development of an extra care scheme, and delegated authority to the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration, in consultation with the Corporate Director for Development and Growth and the Directors of Legal and Democratic Services and Strategic Finance to approve the agreed terms.
4.	To approve that the allocation of capital support to ASRA will be capped at £1.1m and comprise up to £0.500m New Homes Bonus and up to £0.600m Adult Social Care Capital Grant pending a full financial appraisal of ASRA's development costs and gap funding.
5.	To grant dispensation from Contract Procedure Rule 5.1.2 in accordance with Finance Regulation 3.29 for the award of the Contract to ASRA and to provide ASRA with the capital funding as described above.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The Council is committed to provide the best accommodation option for older citizens ensuring quality of life, choice and value for money in delivering services. By working in partnership with ASRA to develop this vacant site ensures that the scheme delivers the Council's priority and ensures the maximum benefit from the Council's financial contribution.
- 1.2 The Council commenced a procurement exercise in 2013 to secure a Registered Provider (RP) partner to develop an extra care scheme in Nottingham. At the expression of interest stage ASRA were the only RP partner that provided a positive response.
- 1.3 An additional option appraisal exercise was then jointly carried out by Quality and Commissioning and the Regeneration team to assess ASRA and other potential development routes. The outcome and recommendation of that option appraisal was that ASRA was the preferred RP development route.
- 1.4 Approval of the recommendations will provide ASRA with the confidence to appoint an architect to produce a full scheme design with accurate development costs.
- 1.5 The New Homes Bonus provided by the Council will allow an enhanced scheme design such as wet rooms, additional communal facilities such as hobby rooms, beauty salon, lounge and buggy store.
- 1.6 The Adult Social Care Capital grant will secure the Children and Adults department of the Council with 50% nomination rights to the scheme, into which they will be able to refer care and support clients who may have otherwise moved to a residential care facility.
- 1.7 The remainder of the properties will be advertised via the City's Choice Based Lettings scheme (CBL) of which ASRA is a partner. ASRA will undertake two rounds of advertising via CBL. If the process does not identify a city resident the City will have two options, the first will be to pay the void loss on the unit until a city resident can be found, or allow ASRA to let the unit from their own waiting list.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Nottingham Plan to 2020 and Nottingham City Council's Plan 2012-2015 both identified the need to improve the quality and mix of housing in Nottingham to

provide a greater choice of accommodation/housing. The Council's plan also identified the need to provide additional accommodation for older people in every community, allowing older people to downsize, release family housing but remain in their own communities.

- 2.2 Nottingham has over 500 extra care apartments and bungalows spread over 5 extra care schemes in the west, east and south of the city. It was identified that the North of the city did not have an extra care scheme.
- 2.3 Quality extra care provision is vital in order to provide a viable alternative to residential care for older City residents. Reducing admissions to residential and nursing care is a key performance measure of the Better Care Fund.
- 2.4 An appraisal was undertaken of city-owned land to identify potential sites. The appraisal took into account location, transport and local services available. The Hazel Hill site (a former care home which has been demolished) on Beckhampton Road, Bestwood Park was identified as the preferred site to develop. The site is adjacent to the Beckhampton Road shopping precinct which comprises a variety of shops, post office, chemist and excellent transport links into the City.
- 2.5 The site is a General Fund site which had previously been earmarked for a capital receipt. The care home was demolished in 2011 utilising circa £0.130m from the 2011/12 Capital Programme provision for the Property Trading Account – Investment Property Fund. At that time it was anticipated that the site would be sold and the Property Trading Account repaid out of the Capital receipt.
- 2.6 Demolition of Hazel Hill has left a relatively level site of approximately 1.194 acres located towards the centre of the Bestwood Park housing estate. The site benefits from road frontage to both front and rear and is close to the Beckhampton Road district shopping centre. The site has a value of £0.160m for residential redevelopment, the size of which would be unlikely to attract an affordable housing requirement. The proposed sale at less than best consideration will deliver a scheme that will comprise all affordable rented homes with the Council receiving nomination rights. The value of the additional affordable housing and nomination rights can be quantified and justifies a sale at less than best consideration.
- 2.7 The site was 'set aside' and earmarked to be developed with an extra care scheme. An expression of interest process was undertaken in 2011, this exercise did not produce a solution due to the high levels of subsidy that RPs were requesting from the City to make the scheme financially viable.
- 2.8 A second expression of interest exercise was undertaken in October 2013 and RPs were approached to develop the site. ASRA Housing Group provided the best response indicating that they wanted to develop a second extra care scheme in the City. ASRA already have Albany House, an extra care scheme in St Anns. ASRA had successfully secured Homes and Communities Agency (HCA) grant funding of £1.330m to develop affordable rented Housing in the city.
- 2.9 A joint option appraisal was undertaken by Quality and Commissioning and the Regeneration Team to assess the viability of all potential options to develop an extra care scheme in the North of the City. The appraisal considered the extent to which the options delivered the Council's priority, timescales, funding and service deliver. The recommendation of the appraisal was that ASRA was the preferred RP development route.

- 2.10 ASRA's preliminary site inspection outlined that the site was suitable for a circa 70 unit scheme. Their initial financial appraisal outlined a development cost of approximately £8m with an estimated gap in funding of £1.4m in order to deliver an extra care scheme with additional design features, communal facilities and nomination rights for the City. Before any capital subsidy is allocated to ASRA a full financial appraisal of ASRA's development costs and identified gap funding will need to be undertaken.
- 2.11 During and after the option appraisal exercise, consultations took place with Councillor Alex Norris, Councillor Graham Chapman and the Leader, Councillor Jon Collins. The outcome of the option appraisal was presented to the Leadership Group of the Council with the recommendation that ASRA Housing Group were the preferred partner. Leadership Group agreed that negotiations could begin with ASRA pending Executive Board approval. Leadership Group also stipulated that a suitable allocation and nomination process had to be in place that prioritises City residents.
- 2.12 Approval of the recommendations in this report will allow ASRA to appoint an architect and contractor to fully work up the design of the scheme in order for an accurate financial appraisal to be undertaken and a planning application submitted.
- 2.13 The development of an extra care scheme by ASRA will attract an estimated total revenue cost of £0.080m per annum (pa) (indicative costs of £0.010m pa for alarm provision and £0.070m pa for night-time care cover). Provision of night-time care cover onsite will make the scheme a viable alternative to residential care. A further report will be considered at the Executive Board Commissioning Sub Committee (EBCSC) regarding the commissioning of the care and alarm provision at the scheme at the appropriate time.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 The options appraisal process undertaken by Quality and Commissioning and the Regeneration Team considered all available options for the development of an extra care scheme in the North of the City. The recommendation of the appraisal process was that Hazel Hill was the most suitable site with ASRA the preferred RP development route.
- 3.2 Not proceeding with the extra care scheme was rejected as there is a need for this type of scheme in the north of the City.
- 3.3 If it was decided not to proceed with the recommendations contained within this report the site could be marketed and a capital receipt in the region of £0.160m which could be used to off-set the previous demolition and security costs of £0.130m.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 This report seeks to approve funding to ASRA of up to £1.1m to support the development of the Hazel Hill site to design and build a 70 unit affordable housing rented extra care scheme. This funding will be allocated from:
- £0.500m Investment Fund allocated from the New Homes Bonus; and
 - £0.600m from the Adult Social Care (ASC) Capital Grant.

4.2 The ASC capital grant is currently incorporated in the Capital Programme. **Table 1** below shows the profile of the grant available in 2014/15 after current commitments have been delivered:

TABLE 1: CAPITAL PROGRAMME EXTRACT	
	2014/15 £m
ASC Capital Grant 2012/13	0.029
ASC Capital Grant 2013/14	0.433
ASC Capital Grant 2014/15	0.450
TOTAL	0.912

4.3 The use of the ASC Capital Grant for Hazel Hill development aligns to the grant conditions requiring a focus around community capacity and to support a personalised, community based approach. The initiatives include:

- innovative alternatives to residential care;
- alternatives to residential care via community based services investment – specifically capital investment in telecare, simple aids to daily living and reablement infrastructure;
- service redesign to care infrastructure.

4.4 Paragraph 2.6 refers to a site value of £0.160m. This capital receipt is not incorporated in the Capital Programme however, any income generated from the sale was expected to reimburse the demolition costs incurred by the Property Trading Account (PTA) of £0.130m. The non deliverability of this receipt will result in the PTA investment fund having £0.130m less available funding.

Depending on the nature of the investment the PTA could have expected a long term return of around 7% which would equate to £9,000 pa.

4.5 Paragraph 2.13 refers to an additional cost of c. £0.080m per annum to the Council, there is an estimated cost associated with the alarm provision for Hazel Hill and cost of funding night time cover. This additional cost will not arise until development is complete and would potentially be mitigated by the off set of personnel budgets and providing a more economic alternative care placement for appropriate citizens.

The approval, final valuation and mitigation of this extra cost will need to be incorporated in the EBCSC, post site development, approving the contractual process for the procurement of the service.

4.6 **Chief Finance Officers observations on dispensation**

Dispensation from Contract Procedure Rule 5.1.2 in accordance with Financial Regulation 3.29 is supported for the award of this capital funding.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

5.1 The planning process will mitigate any issues with the design and layout of the scheme and consultation with local residents.

- 5.2 The legal process will agree the contractual arrangements, land transfer and allocation and nomination process. As a General Fund site the Council has power under the General Disposal Consent (England) 2003 to dispose of the property at less than best consideration where the Council considers it will help secure the promotion or improvement of the economic, social or environmental well-being of its area and where the disposal price is not more than £2,000,000 less than the unrestricted market value (as determined by valuation).
- 5.3 As a contribution to works for which the Council will receive a benefit as nomination rights the Council has undertaken a series of discussions with and invited expressions of interest from the market to identify the best value offer.
- 5.4 The terms of the contracts (either the property transfer or grant funding agreement whichever is determined to be most suitable) with ASRA must ensure ASRA is obliged to provide the additional community facilities to meet the Council's Extra Care requirements and must document the Council's nomination rights. In addition the Council should consider including in the contract documentation provisions to ensure payment is made in arrears and against eligible costs only and also appropriate restrictions to prevent the future disposal or change of use of the property.
- 5.5 ASRA securing the site will reduce the chance of anti-social behaviour and fly-tipping occurring and stop the current security charges being met by the Council.
- 5.6 Analysis of ASRA's development costs will confirm the level subsidy required and ensure value for money in terms of scheme design and nomination rights.
- 5.7 ASRA have secured funding from the HCA to develop affordable housing in the City and there is no alternative City-owned site where this funding could be transferred. Should the recommendations contained within this report not be approved this would put ASRA's secured grant funding at risk leading to potential reputational damage for the Council in future dealings with the HCA.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 The re-development of this vacant site with an extra care scheme will provide an alternative and enhanced housing choice for older people in Bestwood and the surrounding area. It will allow older people to remain independent for longer in purpose built accommodation supporting community cohesion.
- 6.2 Commissioning of an on-site care provider will improve economic, social and environmental well being in Nottingham by:
- supporting local employment and appropriate terms and conditions for care staff;
 - funding care at a level which supports the delivery of services to a minimum quality standard.

7 REGARD TO THE NHS CONSTITUTION

- 7.1 There are no implications on the NHS constitution

8. EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

10.1 None.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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