

	<h2>Policy and Resources Committee</h2> <h3>21 July 2014</h3>
<p style="text-align: right;">Title</p>	<p>Funding for an Extra Care Housing Scheme at Moreton Close, NW7 and Advance Acquisitions of Leasehold properties on Regeneration Estates</p>
<p style="text-align: right;">Report of</p>	<p>Declan Hoare – Housing and Environment Lead Commissioner Karen Ahmed – Later Life Lead Commissioner</p>
<p style="text-align: right;">Wards</p>	<p>West Hendon, Colindale, Childs Hill, Mill Hill</p>
<p style="text-align: right;">Status</p>	<p>Public with exempt report</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 – What is Extra Care</p>
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<h3>Summary</h3>
<p>This report seeks approval for capital funding to (i) buy properties that will be subject to Compulsory Purchase Orders on West Hendon Estate, Grahame Park and the Whitefield estates in advance of the properties being required by the development partner and to use these properties as temporary accommodation. (ii) provide a 52 units Extra Care Housing Scheme at Moreton Close, NW7 for people with dementia and other disabilities</p>

<h3>Recommendations</h3>
<ol style="list-style-type: none"> 1. That the committee approve funding of £8.773 million for RE to acquire leasehold properties for the Council on the Council’s Regeneration Estates from leaseholders who wish to sell in advance of a Compulsory Purchase Order and use these properties as temporary accommodation until they are required by the development partners

2. That the committee approve funding of £12. 344 million for Barnet Homes to redevelop the site at Moreton Close, NW7 to provide an Extra Care Housing Scheme for the Council and to pay statutory homelessness and disturbance to those residents moving from the existing scheme.

1. WHY THIS REPORT IS NEEDED

1.1 Advanced Acquisitions on Regeneration estates

1.2 The acquisition of leasehold properties from leaseholders will be required in the future for demolition and to progress the estate regeneration. Some leaseholders have expressed an interest in wanting to sell their properties on the Grahame Park Estate, West Hendon Estate and Whitefield Estate in advance of a Compulsory Purchase Order.

1.3 It is recommended that capital funding be made available from the Council to acquire properties in advance of Compulsory Purchase Orders and for necessary works to be undertaken to bring properties up to an acceptable standard. These properties will then be used to provide temporary accommodation to those households the Council have a statutory responsibility to assist. The acquisition of these properties will be managed by RE. The works and management of the properties will be managed by Barnet Homes.

1.4 Outputs:

The amount of leasehold acquisitions has been estimated as:

- Grahame Park – 14 properties to be available for approximately 10 years
- West Hendon - 16 properties to be available for approximately 5 years
- Whitefield Estate (Brent Cross) – 23 properties to be available for approximately 5 years

1.5 Extra Care Older Persons Scheme - Moreton Close, NW7

1.6 Moreton Close is an existing sheltered housing scheme in NW7 in need of significant investment. Although currently occupied none of the residents receive formal care services. The scheme in its existing form will not address the emerging and increasing needs of older people who require homes in a supported environment.

1.7 All projections in Barnet demonstrate that there is an immediate need for well-designed quality Extra Care Housing for vulnerable older people that include those with dementia and learning disabilities.

1.8 Older people who require extra care housing need the homes and the internal and external environment to be specially designed. The proposed scheme will incorporate design principles laid in out in good practice guides for example “A Guide for Assisted Living”, “Lifetime Homes Design Guide”, “Design for Dementia

– Helen Hamlyn Centre for Design” . The homes will be flexible and easily adaptable to be able to respond to a variety of care needs for people with physical and other disabilities. The scheme will enable occupants to remain in their home as long as possible, as care and support is adjusted to respond to changing needs.

1.7 The scheme will consist of 52 homes and associated communal areas to encourage socialisation and activity and enable activities and services to be available to the wider neighbourhood.

1.8 Outputs

- 52 Extra Care Homes for rent for older people
- Address the current shortfall in Extra Care dwellings within the housing stock
- Address the demographic trend within the borough of an ageing population that will require Extra Care Housing
- Address the Adults and Community Strategy of increasing the opportunities for individuals with disabilities to live as independent life as possible and have choices about how they want to live their lives.
- Provide more housing choice for older people with care and support needs, particularly those with dementia
- Increasing the number of affordable homes for households in housing need thus reducing the need for such households to remain in unsuitable housing.

2. REASONS FOR RECOMMENDATIONS

2.1 Advanced Acquisitions

2.1.1 The recommendations will allow current leaseholders the opportunity to sell their homes on regeneration estates in advance of a compulsory purchase order and move to a new location of their choice and take away the uncertainty about when their home will actually be required.

2.1.2 There will be an opportunity to use the homes acquired for affordable housing to contribute to meeting the Council’s statutory requirements of providing vulnerable households with temporary accommodation. This will provide an additional supply of temporary accommodation and reduce the need for other more expensive forms of accommodation and assist the Council in minimising the need for Bed and Breakfast accommodation.

2.1.3 The Benefits:

- Acquisition by agreement will assist the Council in reducing the numbers of properties which may eventually have to be acquired using compulsory purchase powers.

- Purchasing properties now and using them for temporary housing purposes will assist in the Council meeting its statutory responsibilities towards homeless households and reduce the use of time limited Bed and Breakfast accommodation for families.
- Advanced acquisitions outside a compulsory purchase order will reduce the need to pay homelessness to leaseholders of these properties. Homelessness is approximately 10% of the market value of a property so this could result in the total savings to the business plans of approximately £798,000.
- It is assumed that £10,000 rental income will be received per annum per property. On the assumption that 53 properties are acquired this would be £530,000 per annum.
- The properties acquired will be sold when required for demolition to the development partners at market value. The properties in the later phases may benefit from an increase in market value as a result of the regeneration effect.

2.2 Extra Care Older Persons Scheme

2.2.1 Extra Care Housing Scheme at Moreton Close will meet the housing needs of older people with housing, care needs and contribute to the unmet and emerging need for this type of accommodation.

2.2.2 The scheme will enable occupants to remain in their own home for as long as possible as care package can be adjusted to respond to changing needs reducing the need for costly residential care.

2.2.3 The Benefits:

- Completion of the project will begin to address the annually increase in the shortfall in extra care housing for older people which population projections show will be required in the borough
- Completion of the project will deliver £380,000 of savings to Adults and Communities service budget in 2017/18 compared to use of more costly residential care
- The savings will be on going as the properties will continue to meet these needs.
- Positive benefits reported by Barnet residents living in existing schemes include feeling secure, having access to help when needed and inclusion rather than isolation.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Advanced Acquisition Scheme

3.1.1 Option 1 - To only offer this scheme to leaseholders who are experiencing hardship

By extending this option to all resident leaseholders who wish to sell this will assist those leaseholders who want to move on with their lives and deliver

additional temporary accommodation to assist the borough in its statutory obligations to people in housing need.

3.1.2 Option 2 - Not to approve the advance acquisition scheme

The regeneration schemes have now been in progress for over 8 years. For some leaseholders living on the estates who do not want to remain once the regeneration is complete it has produced a lot of uncertainty. The advanced acquisition scheme will allow them to sell in advance of compulsory purchase which will benefit the Council as their home can be let to other households and will save the business plans money as the leaseholders would not be paid homeloss of 10% of the market value.

3.2 Extra Care Housing Scheme

3.2.1 Option 1 – To develop ECH on an alternative site

A site capable of delivering approximately 50 properties would be required to achieve the cost efficiencies of care and support services located on site. Barnet Homes carried out an options appraisal of potential locations within the sheltered housing stock and Moreton Close was identified because of the investment needed in the scheme, the size of the properties, the land available within the site and the adjacent former garage site.

3.2.2 Option 2 - Not to develop the scheme as extra care housing and to continue to place older people in residential and nursing care

There will still be a need to make placements to residential and nursing care. However should the scheme not proceed older people who could continue to live independently in extra care would not have this opportunity or choice. In addition the savings identified would not be achieved.

4. POST DECISION IMPLEMENTATION

4.1 The **Extra Care Housing Scheme** is summarised in the table below

Formal Instruction by Barnet	July 2014
Consultation with residents of Moreton Close	Aug/September 2014
Finalising the scheme and design	December 2014
Planning submission	January 2015
Planning approval	May 2015
Procurement of a building contractor	August 2015
Start on site	September 2015
Practical completion	April 2017

4.1.1 Barnet Homes will be meeting with the residents to inform them of the final proposals and timescale.

4.1.2 Final costs will be reported to Housing Committee for approval

4.1.3 Adults and Communities will develop the care and support specification which will be subject to formal procurement processes.

4.2 The Advanced Acquisition Scheme

4.2.1 Meetings will take place with the development partners on the West Hendon, Whitefield and Grahame Park Estates to inform them of the advanced acquisition scheme and where necessary amend the Development Agreements. Resident leaseholders will be invited to participate in the scheme and negotiations will then progress with those interested leaseholders.

4.2.2 It is proposed that this will be delivered by Re for a project management fee. Details of the total costs are outlined in the exempt report. Input from CSG and HB Public Law will also be required. It is anticipated that Barnet Homes will take responsibility for refurbishing any homes purchased, prior to letting and will manage the properties.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Advanced Acquisition Scheme supports the Corporate Plan 2013-2016 priority '*To maintain the right environment for a strong diverse local economy*' and the strategic objective under this priority is to sustain Barnet by '*promoting growth, development and success across the borough*'. This scheme facilitates the early acquisition of properties, which has benefits for both the council and its development partners. The council can generate rental incomes on these properties and the development partners can acquire these

properties directly from the council without the use of compulsory purchase powers, thus reducing the development costs to the scheme. Therefore, the Advanced Acquisition Scheme is a tool to facilitate the successful delivery of these Regeneration schemes, which will promote *growth and development*.

5.1.2 These Regeneration schemes also supports the corporate priorities and the Sustainable Community Strategy 2010-2020 through the following core values:

- *'Sharing opportunities for success'* and *'choice and responsibility'* – the new development will provide good quality homes. The development will also offer more choice by providing a number of different housing options, such as shared equity, shared ownership and private homes for sale to residents and those in the wider community.

5.1.3 The Advanced Acquisition Scheme will also support Barnet's 'Health and Well-being Strategy 2012-2015' through its core value of *'wellbeing in the community'* which is *creating circumstances that better enable people to be healthier and have greater life opportunities*. By acquiring the properties from residents who are experiencing hardship and need to sell, this will enable them to have better life opportunities.

5.2 The Extra Care Scheme for Older People at Moreton Close supports :-

- Adult and Communities Business Plan "Supporting people to move from residential care back into the community" and "Implement new service developments that provide better outcomes and increased choice for service users".
- The Housing Strategy 2010-2015

5.2.1 The Extra Care Housing scheme will contribute to meeting the objectives of the Health and Wellbeing Strategy which focuses on how people can keep well and keep independent. In particular it will support the strategy themes of wellbeing in the community and providing appropriate care when needed. Extra care housing provides for residents differing levels of care needs but enables them to remain independent within their own self-contained flats which will be let on secure tenancies.

5.2.2 Adults and Communities Delivery Unit's (ACDU) commissioning strategy promotes choice and independence with the aim of ensuring that Extra Care Housing is the main offer to adults and those with disabilities who require specialist housing and appropriate support services. Traditional residential care is seen as the default offer for only highest dependency older people e.g. such as those with later stage dementia.

5.3 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

Finance and Value for Money

- 5.3.1 It is proposed that the Extra Care Housing Scheme and Advanced Acquisition Scheme will be funded through the Housing Revenue Account (HRA) surpluses and through usable capital receipts generated through the revised Right to Buy scheme. The HRA surplus for the end of 2014/15 is estimated to be £11.484 million
- 5.3.2 In April 2012 a new HRA self financing system was introduced which allowed the Council to retain all rents generated locally to meet the costs of managing and maintaining council homes. As a result of the change to the financing system, the Council developed a 30 year Business Plan in 2012/13, which set out how the HRA would generate surpluses over and above the cost of managing and maintaining the Council's housing stock.
- 5.3.3 The business plan demonstrated that the HRA would generate funds which could be used to fund other priorities including the building and acquiring of new homes. The total amount available for borrowing under the HRA headroom is £38.7 million. In addition there is £8.664million of usable capital receipts from the period 2012/13 to 2013/14. To date £7.660 million have been committed to other new build schemes, and £0.804 million spent.
- 5.3.4 In 2012 changes were also introduced to the right to buy scheme. This has meant that the Council is able to retain a higher level of capital receipts as long as these receipts are used to provide new affordable homes and match funding from other sources of Council funding. The match funding could come through the HRA surpluses on the account balance, New Homes Bonus, Community Infrastructure Fund or the use of HRA headroom borrowing. The right to buy receipts settlement the Council has received based on a notional figure is summarised below:

Receipts to be retained for new housing in 2013/14	£8.664m
Match funding required from other sources	£12.344 m
Value of new build programme	£21.008m

- 5.3.5 In order to retain the usable receipts, the Council will have to spend £23.642 million on new housing by December 2017 and a total of £28.642 million by March 2017. It is expected that usable capital receipts will continue to accrue from 2014/15 to 2016/17. In 2013/14 £6.778 million of usable receipts was generated.
- 5.3.6 The Extra Care Housing Scheme and Advanced Acquisition Scheme will cost £21.008 million and will be funded through usable capital receipts achieved through right to buy sales and supported by HRA surpluses from the balance account. The HRA modelling shows that the HRA can support this level of funding and still retain capacity helping to deliver other priorities in the HRA Business Plan, including other Supported Housing and Regeneration.

- 5.3.7 Revenue funding for the care and support contract of the Extra Care Housing Scheme will be derived from Adults and Communities base budget (residential care).
- 5.3.8 Revenue savings by offering Extra Care Housing as an alternative to Residential Care are estimated at £11,000 per person per annum. It is anticipated that two thirds of the new homes will be offered to people who would otherwise be living in residential care.
- 5.3.9 Revenue savings as a result the advanced acquisitions scheme is estimated at £2,500 per household per annum.
- 5.3.10 In addition the Council will receive rent on the properties in both these schemes in accordance with the rent setting guidelines reported at Cabinet Resources Committee in February 2014 in the report on the Council's draft budget.
- 5.3.11 The costs are summarised in the Exempt Report.

5.4 Procurement

- 5.4.1 Barnet Homes will procure the Extra Care Housing Scheme in accordance with their procurement rules. These are comparable with the Council's procurement rules. Depending on the size or nature of the site actual procurement will be through the use of existing local, regional or national agreements for both the constructors and the professional/technical services, one off tender exercises.
- 5.4.2 Any procurement will ensure value for money to the Council through Barnet Homes undertaking a bench marking exercise of other social housing providers agreed with the Council which are building new affordable homes in terms of total costs including build costs, professional fees and project management delivery fees.

5.5 Property

- 5.5.1 The properties acquired through the advanced acquisition scheme will be owned by the Council. It is intended that these properties will be sold to the development partners when they are required for redevelopment. The Council will then be able to recover their costs.
- 5.5.2 The Extra Care Housing Scheme will be owned by the Council.

5.6 Legal and Constitutional References

- 5.6.1 Local authorities have a general power under section 120 of the Local Government Act 1972 to acquire by agreement any land/property within their

geographical area for the purpose of any of their functions or for the benefit, improvement or development of their area. A local authority also has a power of general competence under the Localism Act 2011 to do anything which an individual can do, subject to specific statutory exclusions.

5.6.2 Constitution, Responsibility for Functions, Annex A –Membership and Terms of Reference of Committees – terms of reference for the Policy and Resources Committee includes Procurement (including agreement of the Procurement Forward Plan and agreeing exceptions to the CPRs). The terms of reference also provide that if any report comes within the remit of more than one committee, to avoid it going to several committees, the report will be presented and determined at the most appropriate committee. If this is not clear, then the report will be discussed by the Policy and Resources Committee.

5.6.3 Constitution - Management of Asset, Property and Land Rules provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop appropriate change the use of, or dispose of assets within its portfolio.

5.7 Risk Management

5.7.1 Advanced Acquisitions Scheme

5.7.2 There is a small risk that if, for whatever reason, the properties acquired on any of the schemes are not sold to the partner organisations for the regeneration schemes. However, the Council could still benefit from this arrangement, if it continues to re-let the properties to generate income. Alternatively, these properties could be sold on the open market.

5.7.3 The recovery of Council costs on property acquisitions is also subject to conditions within the Principal Development Agreements (PDA) for each scheme. There is a commitment within the Grahame Park and Dollis Valley PDAs to recovery these costs. However, the Grahame Park PDA does specify that the development partners will pay the purchase price minus any rental income that has been generated on these properties. If the scheme is reintroduced, the Council wish to renegotiate the terms of the PDA relating to this Scheme. So the Council would not have to off-set rental income against the capital cost of the property as has been the case to date.

5.7.4 There is currently no provision within the West Hendon PDA to recover costs from buyback properties, but the development partners have agreed in principle to this agreement. Therefore, the Council may need to consider a Deed of Variation to the West Hendon PDA to ensure that all costs incurred on acquired properties in preparation for a development phase and/or under a Hardship Buyback Scheme are recoverable.

5.7.5 The commercial agreements for the Brent Cross Cricklewood Regeneration

Scheme due to be finalised within the next few weeks. The development partners have already indicated their intention to make provision for advanced acquisitions when the appropriate funding has been identified. The inclusion of the Whitefield Estate into this scheme will also be dependent on whether the Council can recover their acquisition costs.

5.7.6 Extra Care Housing Scheme

- 5.7.7 There is a risk that the Moreton Close site will not be successful in obtaining planning permission. To mitigate against this pre application meetings will be considered with a named planning officer to provide advice.
- 5.7.8 Delays in obtaining planning permission could result in the timescales not being met for practical completion and this could delay delivering the anticipated savings
- 5.7.9 Increased costs is a risk. Costs will be controlled through regular monitoring by the Council to ensure the schemes deliver within the budget and that the budget has taken into account all projected items of expenditure.
- 5.7.10 It is proposed to fund the scheme through usable right to buy receipts. Failure to spend these will result in the receipts being returned to the CLG with interest.

5.8 Equalities and Diversity

- 5.8.1 **The Extra Care Housing Scheme** is for older people and people with disabilities who may otherwise need to consider residential or nursing care admission. It offers an alternative to residential care for frail older people including people with dementia. This will give our customers another independent living option and will have a positive impact on older people as it will enable residents to live in an environment that allows them to live an independently as possible. It can be difficult in residential care to support a couple to remain living together whereas it has been policy in extra care to accommodate couples.
- 5.8.2 It will also have a positive impact on disability as the development will be designed to 'Life time homes standards' with some units achieving full wheelchair design. It increases the supply of accommodation that meets older people's need for level access as they become more frail.
- 5.8.3. Extra care housing also enables a personalised approach to accommodation and support within independent self-contained flats. The specification for care and support will require an inclusive approach to individuals' needs and preferences allowing different demographic groups to live together; it will also consider carers' needs and personalised approaches to deliver a matrix of support for residents.

- 5.8.4 **The Advanced Acquisitions Scheme** is open to all resident owner-occupiers.
- 5.8.5 Pursuant to the Equality Act 2010 (“the Act”), the Council has a legislative duty to have ‘due regard’ to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; and promoting good relations between those with protracted characteristics and those without. The ‘protected characteristics’ are ages, race, disability, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation. The ‘protected characteristics’ also include marriage and civil partnership, with regard to eliminating discrimination.
- 5.8.6 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, and social and community life of the Borough. This is achieved by pursuing successful regeneration of the Borough’s regeneration areas. This will benefit all sections of society and the Borough’s diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.
- 5.8.7 It is important to note that the equalities implications will be regularly reviewed and updated whether through an Equalities Impact Assessment Plan or by other means during the life of the projects.

5.9 Consultation and Engagement

- 5.9.1 Extensive consultation has and will continue to take place with the residents on the regeneration estates at open and closed public meetings. Homeowners surgeries have also been organised for residents on these estates, and this scheme will help to address some of the issues raised at these surgeries and at various consultation events.
- 5.9.2 Barnet Homes and Council Officers carried out a consultation meeting with the residents of the sheltered housing scheme at Moreton Close in September 2013. Further meetings have and will continue to take place to keep residents informed, updated and to address any concerns. All residents will be met with individually once approval is given for the scheme to proceed to discuss individual housing needs and aspirations

6.0 BACKGROUND PAPERS

None

Appendix 1

What is Extra Care Housing?

Extra care housing is a form of sheltered housing rather than residential care, which is designed primarily for frailer older people and some younger people with disabilities who are able to live safely on their own. The aim is to maximise independence and choice for residents and it is becoming a popular alternative to residential care placements.

Residents have their own self-contained property (usually a flat) and security of tenure whether they own the property or rent via assured tenancy or lease. Residents can determine who comes into their homes and who delivers their support. It provides for people with varying levels of care and support needs and this is available on site at all times. For couples where just one has care needs, they can continue living together in a safe and caring environment. A feature of extra care housing is that it provides a range of community facilities including a communal lounge, dining area, kitchen facilities, laundry, hairdressing, assisted bathrooms and guest rooms and usually meals from a café style facility.

Some aspects of extra care housing such as housing design and management are covered by housing legislation, regulations and standards. Others, such as care provision within the facility, are covered by the non-residential community care framework and care registration requirements.

Current schemes in Barnet offer the communal facilities mentioned above, and:

- help with personal care
- access to meals
- help with domestic support – such as cleaning, laundry, shopping and preparing meals
- 24-hour care services if required
- social and leisure activities
- help with medication.