

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	ESTATE REGENERATION IN MILLBROOK AND MAYBUSH - DEVELOPMENT OF HOUSING SCHEME AND GRANT FUNDING FOR AFFORDABLE HOUSING SCHEME		
<b>DATE OF DECISION:</b>	18 NOVEMBER 2015		
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Jane Windebank</b>	<b>Tel: 023 8091 7899</b>
	<b>E-mail:</b>	<a href="mailto:Jane.Windebank@southampton.gov.uk">Jane.Windebank@southampton.gov.uk</a> <a href="mailto:Keith.Gunner@southampton.gov.uk">Keith.Gunner@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	<b>Mark Heath</b>	<b>Tel: 023 8083 2155</b>
	<b>E-mail:</b>	<a href="mailto:mark.heath@southampton.gov.uk">mark.heath@southampton.gov.uk</a>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
Not applicable			

#### **BRIEF SUMMARY**

Cabinet is recommended to approve expenditure to progress the redevelopment of two adjacent sites, Woodside Lodge and 536-550 Wimpson Lane and approve grant funding for an affordable housing scheme at the former Bush Inn, Wimpson Lane. These schemes would initiate the regeneration of the Millbrook and Maybush area and contribute to the Council's strategic housing objectives.

#### **RECOMMENDATIONS:**

- (i) to note the prior consultation which has taken place in relation to Woodside Lodge and 536-550 Wimpson Lane;
- (ii) to recommend the Council approve in principle to develop two adjacent sites; Woodside Lodge and 536-550 Wimpson Lane which initiates the regeneration of Millbrook and Maybush;
- (iii) to delegate authority to the Head of Property to vary the lease held between the Council and Scottish & Southern Energy to release a strip of land in front of the sub-station at Woodside Lodge following consultation with the Head of Legal and Democratic Services, Head of Development, Economy and Housing Renewal and the Chief Financial Officer;
- (iv) to approve, in accordance with Financial Procedure Rules, capital expenditure of £500,000 in 2015-16, funded from an existing unapproved scheme within the New Build section of the HRA Capital Programme for the Provision of Social Housing. The £500,000 will cover the costs of the architects, percentage of First Wessex development agent fee; necessary surveys; consultant fees etc. to planning submission stage for the redevelopment of Woodside Lodge and 536 – 550 Wimpson Lane;
- (v) to delegate authority to enter into a Development Agent Agreement in relation to the redevelopment of Woodside Lodge and 536 – 550 Wimpson Lane with First Wessex Housing Group, part of the Wayfarer Consortium, to the Director of Place, following

- consultation with the Head of Legal and Democratic Services, Head of Development, Economy and Housing Renewal, Head of Housing Services and the Chief Financial Officer;
- (vi) to delegate authority to enter into a build contract for the redevelopment of Woodside Lodge and 536 – 550 Wimpson Lane with a contractor engaged via First Wessex using Wayfarer’s OJEU compliant frameworks to the Director of Place following consultation with the Head of Legal and Democratic Services, Head of Development, Economy and Housing Renewal, Head of Housing Services and the Chief Financial Officer for pre-construction stage works; and
- (vii) to approve a grant of £598,000 to Aster for an affordable housing scheme at the former Bush Inn, Wimpson Lane, funded from retained Right To Buy (RTB) capital receipts, and to approve capital expenditure of £598,000, in accordance with Financial Procedure Rules.

## REASONS FOR REPORT RECOMMENDATIONS

### 1. Wimpson Lane Redevelopment

On 9th December 2014, Cabinet approved the closure of Woodside Lodge, a 27 bed residential care home for older people with moderate or severe dementia. The home closed on 31<sup>st</sup> July 2015 after its former residents had all been supported to move to suitable alternative placements and this was noted by Cabinet on 15<sup>th</sup> September 2015. The site, which comprises a large two storey brick faced building with small outbuildings and a car park, is now available for redevelopment.

2. The adjacent site, 536-550 Wimpson Lane ('Wimpson Lane'), is a Council Housing Revenue Account (HRA) owned 1960s purpose built supported housing block comprising 8 flats with communal gardens. The property is suffering from significant subsidence estimated at a repair cost in excess of £500K in addition to the necessary refurbishment and structural repairs to the walkway balconies.

3. The Integrated Commissioning Unit has identified that demand for specialist and older persons housing will continue to grow due to demographic factors and a modern scheme where care and support can be efficiently provided to a larger number of residents with multiple care and support needs will help provide a cost effective alternative to high cost residential care provision, support independence and help to deliver improved health and social care outcomes.

4. There is also a continued need for smaller general needs accommodation which combined with specialist and older person's accommodation would create a greater mix of community feel and allow for general needs housing to be able to flex in support locally as needed. These sites provide a unique opportunity to develop homes to meet these varied housing needs.

### 5. Bush Inn

Local Housing Association partners were invited to bid for grant resources as part of the council's drive to spend time limited Right to Buy (RTB) receipts. Aster came forward with a bid to fund 9 properties on the site of the former Bush Inn. This scheme had stalled due to the original contractor going into administration. The new contractor has uncovered a number of issues that have increased the cost price.

6. The Section 106 Agreement for this site only requires 2 affordable homes to be provided. With rising costs, it is anticipated no extra affordable homes would be delivered above this number. However, if grant funding is approved, all 9 units at the Bush Inn would be made available at affordable rent, providing a net gain of 7 affordable homes for the £598,000 requested.
7. Both these projects have the potential to begin regeneration activity in the Millbrook/Maybush area.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

### 8. Woodside Lodge

On 16 December 2014, Cabinet approved the closure of Woodside Lodge subject to all of its residents being supported to move to suitable alternative placements. The decision was informed by the outcome of a public consultation and the alternative option of keeping Woodside Lodge open was rejected due to:

- The Council's desire to develop a wider range of options for supporting people with dementia, such as supported living and extra care housing, instead of directly providing residential care itself, and
- There being sufficient alternative provision of residential care of the required type and quality in Southampton to meet forecast demands more cost-effectively

The home closed on 31 July 2015 and the alternative of not developing the site in accordance with the proposals set out in this report has been rejected as it would be inconsistent with the decision to close Woodside Lodge.

### 9. Wimpson Lane

Do nothing – this is not considered as a viable option due to the current state of repair of the building. The building is suffering from significant subsidence and it is estimated would require in excess of £500k of works bring it back up to a suitable level of repair. In addition there is a need to refurbish and undertake structural repair work to the walkway balconies.

10. The option of doing nothing would not achieve the Council's objectives of creating sustainable communities on its estates and would not address the current serious issues with the accommodation. The Council has decanted the former residents to alternative accommodation.

11. To develop Wimpson Lane in isolation from Woodside Lodge would not be cost effective or offer the economy of scales of redeveloping both schemes at the same time.

### 12. Bush Inn

There is a Section 106 Agreement which would only provide 2 affordable homes on the site. It is, therefore, beneficial in working to meet housing need to ensure that the scheme is 100% affordable by providing grant funding to ensure that all 9 homes are affordable. This would also enable the RTB receipts to be spent within the required timescales and therefore, avoid the Council having to repay these funds with an additional financial penalty.

## **DETAIL (Including consultation carried out)**

### **CONSULTATION**

13. Woodside Lodge

Public consultation on the future of Woodside Lodge took place between 24 July and 23 October 2014. On 16 December 2014, Cabinet approved its closure, subject to all residents being assessed and supported to move to suitable alternative care settings. At the time of this decision there were 13 residents living in this 27 bed home. The last resident moved out on 13 July 2015 and the premises was closed and secured on 31 July 2015.
14. Wimpson Lane

On 16<sup>th</sup> January 2014 a meeting for residents was held to discuss options for the block. Seven out of the eight residents attended this meeting. The majority of the tenants were in favour of demolishing the block and redeveloping it for new affordable homes. Even the residents who would prefer the refurbishment option appreciated that a rebuild may be a more economical way forward. Following this meeting all tenants were met individually to discuss any concerns and their future options. It is noted that a number of tenants expressed a wish to have the opportunity to move back if a new block is built.
15. Bush Inn

Aster undertook public consultation regarding their proposals for the site with local residents in May 2013. The outcome of the consultations was included in the planning application submitted by Aster Homes and ultimately approved by the Council.
16. Wimpson Lane Redevelopment

Woodside Lodge and 536-550 Wimpson Lane are now empty with the buildings made secure and ready for demolition. An application for the demolition has been approved by the council's planning department. Demolition is likely to commence in November 2015. Following the Cabinet decision on 16 December 2014, Woodside Lodge was transferred to the HRA to deliver a supported housing-led project of Council-owned housing.
17. 

The combined sites measures 0.996 hectares within a high accessibility area which for planning policy has an acceptable housing density range of over 100 dwellings per hectare. There are site constraints such as tree canopy coverage to enable the linking of the sites and a slight level difference between the two sites. The site plan is attached marked Appendix 1.
18. 

A brief has been developed for the project. It is recognised that the brief would develop as more detailed knowledge of the site is obtained and the results of specialist surveys and enquires received. The brief requires:-

  - the provision of 90-100 units based on density criteria for this site (dependant on planning and site constraints such as trees, topography etc).
  - Woodside Lodge to be a modern housing with care scheme similar to Erskine Court, mainly 2 bed units with some 1 bed units with communal space for lounge and kitchen etc which can be used by others within the wider locality.

- Wimpson Lane to facilitate a general needs block of 1 & 2 bed units. The block needs to be designed for future flexibility.
19. The Council is a member of the Wayfayer Consortium and so has commissioned First Wessex Housing Association as development agent. As a consortium member of Wayfarer, the Council is able to access OJEU (Official Journal of the European Union) procured frameworks via a Wayfarer development agent.
  20. First Wessex is a Registered Provider which is experienced and well-resourced in terms of staffing knowledge and expertise to develop affordable housing projects through a partnership approach. They also already have existing frameworks agreements with selected consultants including architects, employer's agents and cost consultants. They are development agents for the housing with care scheme at Erskine Court and have confirmed they would be in position to work on this project as well. Using First Wessex has the advantage that they are familiar with working with the Council and the Council's design specifications for new build supported housing developments.
  21. In responses to the initial project brief, concept drawings for an 80 housing with care units; 20 x 1 bedroomed apartments (6 of which are suitable for bariatrics) and 60 x 2 bedroom apartments (20 being designed to 'care ready' standards) have been produced for Woodside Lodge. It is proposed for 15 general needs units at Wimpson Lane comprising of 9 x one bed and 6 x two bed apartments. The indicative plans are attached marked Appendix 2.
  22. Given the requirement of the future residents, the design has incorporated 4 unit types:-
    - One bed units to meet the needs and aspirations of single residents or those who wish to live in 'smaller' accommodation.
    - One bed bariatric units with larger doors and entrances for the comfort and ease of the resident.
    - Two bed units including a smaller bedroom for those that need to have additional accommodation as a separate partner's bedroom, care room or dining room.
    - Two bed 'care ready' flats offering greater flexibility and designed along the Housing Our Ageing Population: Panel for Innovation (HAPPI) principles to meet the needs and aspirations of the older people in the future (provided at Erskine Court).
  23. The housing with care scheme will offer new healthy living services not only to residents but also the wider population including the proposed new general needs flats at Wimpson Lane. These services including multi use rooms, coffee facilities, assisted bathing and a meals service.

#### Planning

24. A pre-application meeting with the Planning Department has confirmed the principle of development meets local and national planning policy. The designs need to be developed further to enable a planning application to be submitted.

## **Bush Inn**

25. Aster's bid for grant from the Council is for a new build scheme at Bush Inn, Wimpson Lane. This is a scheme of 9 units on a former pub site; 3 x 2 bedroom apartments, 3 x 2 bed roomed houses and 3 x 3 bed roomed houses (all for affordable rent). Work started on the scheme in 2014/15 and the homes should have been completed originally by March 2015. However, the builder carrying out the work went out of business in Q4 2014/15. Aster had to go back out to tender for a new builder to complete the work.
26. Following re-tender this scheme increased by 12% due to the discovery of drawing anomalies, additional work required to bring the scheme up to the Code for Sustainable Homes standard, replacement of some steel work plus additional scaffolding and security costs due to the delay after the original contractor went out of business. To assist with these increased costs Aster has requested £598k in grant from the council's programme of Right to Buy finance to ensure the scheme is still delivered. The homes will be accessed via the Council's Homebid scheme.

## **Next Steps**

### **Wimpson Lane Redevelopment**

27. To commence public consultation and to enable the scheme designs for Woodside/Wimpson to be taken to the planning stage, approval is sought to bring forward and approve £500,000 of expenditure to be funded from the existing Provision of Social Housing Scheme within the New Build Section of the HRA Capital Programme to this financial year, 2015/16.
28. The £500K will cover the costs of the architects, percentage of First Wessex development agent fee; necessary surveys; consultant fees etc to planning submission stage. This will enable a Cost Consultant to be appointed who will advise on procurement, provide a realistic budget estimate and check developing designs against the project brief with a value for money assessment. It should be noted that if the project does not proceed, these fees would still have to be paid.
29. Delegated authority is requested to enter into a Development Agent Agreement with First Wessex Housing Group and a build contract with a contractor for pre-construction works. Under the Wayfarer Consortium we can utilise their OJEU procured frameworks (though it cannot be guaranteed that all of the contractors within the framework will submit a bid).
30. By engaging with a potential contractor at design concept stage, this enables the contractor to input into the designs and undertake value engineering so that accurate and good value build costs can be established. The contractor will need to be paid for pre-construction stage duties even if they are not subsequently appointed as the final contractor. The level of benefits is optimised the earlier a contractor is engaged. As the market improves there may be increasing pressures on key sub-contractor packages and material availability issues. The Framework contractors have well established supply chains and are able to provide up to date accurate market intelligence to assist with cost planning. The key benefit is that it enables the council to de-risk the project to optimise cost savings and deliver predictable project outcomes.

31. Once detailed costings are known and once there is viable scheme and full business case the scheme is expected to come forward for council approval early next year.

Bush Inn

32. The Council agrees to grant fund the full £598K requested by Aster for the Former Bush Inn to provide 9 new affordable homes and to ensure the RTB receipts are used and do not have to be returned to Government with the penalty interest payment.

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

Pilot Scheme

33. The 2015/16 HRA Budget Report and Business Plan, agreed by Council on 11<sup>th</sup> February 2015 added a £12.272M split between 2016/17 & 2017/18 to the HRA Capital Programme for a Provision of Social Housing Scheme. This budget allocation represents the full utilisation of retained RTB capital receipts (30%) for those financial years plus the associated borrowing (70%). Further RTB receipts are expected to be available for use in future years for the provision of housing. £500,000 of this budget allocation is sought to be approved in this report to cover the initial costs of architects, surveys and development agents' fees as detailed in section 28 of this report. Once a full scheme has been designed and costed, the remaining budget can be updated and approved as part of formal scheme approval by Council.

RTB Grant – Former Bush Inn

34. As at 31 March 2015 there were £5.98M of 1-4-1 RTB receipts available to spend. Of this sum, £1.272M needs to be spent during the 2015-16 financial year. £338,000 has already been spent on a council-led Existing Satisfactory Purchase Scheme (ESPS). This leaves £934,000 to spend before the end of Q4 2015/16 (£314,000 by 31 December 2015 and the remaining £620,000 by 31 March 2016). Allocating £598,000 to Aster would leave £336,000, which would still be unallocated but could be used by the ESPS in time to satisfy the Government deadline and avoid any receipts being returned.
35. If the RTB receipts are not used on the above schemes then there is a risk that they may not be spent within the timescales set by the Government and would have to be repaid to the CLG with additional financial penalties for the Council.

**Property/Other**

36. A Deed of Variation is required between the Council and Scottish & Southern Energy for the sub-station at Woodside Lodge for the scheme to go ahead as currently envisaged. This would release a strip of land at the rear of the site to enable the new building to be an acceptable distance from the tree canopy on the north-east elevation of the site. Should the Council and Scottish & Southern Energy be unable to reach agreement to vary the lease, the design proposals will be varied.

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

37. All necessary powers for the decanting, demolition and rebuilding are

contained in the Housing Act 1985.

38. In accordance with the Council's Decant Policy for Redevelopment Schemes, former residents of 536-550 Wimpson Lane will have the option to return to the new flats if they so wish.
39. Section 11(6) of the Local Government Act 2003 relates to the Council's ability to retain and use Right to Buy receipts to fund affordable housing.

**Other Legal Implications:**

40. Part of the land (at the Wimpson Lane Redevelopment) is subject to an old restrictive covenant, imposed in 1939, which requires approval of any development scheme, plans and specification by the owner and this will need to be dealt as part of the redevelopment proposals.

**POLICY FRAMEWORK IMPLICATIONS**

41. These proposals are aligned to the following priorities set out in the Council Strategy 2014-17:-
  - Prevention & early intervention;
  - Protecting Vulnerable People;
  - Good Quality & Affordable Housing; and
  - A sustainable Council.



<b>KEY DECISION?</b>	<b>Yes</b>	
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>Millbrook / Redbridge</b>	
<u>SUPPORTING DOCUMENTATION</u>		
<b>Appendices</b>		
<b>1.</b>	Site Plan	
<b>2.</b>	Indicative plans for Woodside Lodge and Wimpson Lane	
<b>Documents In Members' Rooms</b>		
<b>1.</b>	None	
<b>Equality Impact Assessment</b>		
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>		<b>No</b>
<b>Privacy Impact Assessment</b>		
<b>Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
<b>1.</b>	None	