

SURREY COUNTY COUNCIL

DATE: 23 FEBRUARY 2021

REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL
MRS SINEAD MOONEY, CABINET MEMBER FOR ADULT SOCIAL CARE, PUBLIC HEALTH AND DOMESTIC ABUSE

LEAD OFFICER: SIMON WHITE, EXECUTIVE DIRECTOR FOR ADULT SOCIAL CARE

SUBJECT: EXTRA CARE HOUSING – CAPITAL DELIVERY

ORGANISATION STRATEGY PRIORITY AREA: Tackling Health Inequality / Empowering communities

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SUMMARY OF ISSUE:

A paper was presented to Cabinet in July 2019 setting out Adult Social Care's (ASC) Accommodation with Care and Support Strategy for delivering Extra Care Housing for older persons. Our strategy is to deliver 725 units of affordable Extra Care Housing by 2030. The delivery of this strategy will enable residents to access the right health and social care at the right time and in the right place by offering residents high quality specialist housing that helps them remain independent for as long as possible. Our commitment is to ensure that nobody is left behind.

Five sites have been previously approved by Cabinet for delivery through Design, Build, Finance and Operate tenders (DBFO), to achieve 310 units of affordable Extra Care Housing. In October 2019 Cabinet approved the former Pond Meadow school site, the former Pinehurst Resource Centre and the former Brockhurst Care Home on 21 July 2020 and on 28 October 2020 Salisbury Rd, Epsom and Lakeside in Frimley. The tender for Extra Care Housing at the former Pond Meadow school site has been completed and the council is in the process of awarding contract. The tenders for Extra Care Housing at the remaining sites will be published in 2021.

This report focuses on future sites which will provide the opportunity to deliver a further 415 units of affordable Extra Care Housing across several locations in Surrey. It seeks in-principle approval to prioritise these sites for the development Extra Care Housing and to take forward the necessary feasibility work as set out in point 12 of the report allowing these sites, subject to final cabinet approval, to progress to construction and delivery stage as swiftly as possible. Approval of these additional sites will mean that alongside sites already approved the Council will have plans in place to deliver its commitment of at least 725 affordable units. The in-principle approval of these sites is therefore integral to supporting the delivery of the Council's Accommodation with Care and Support Strategy.

RECOMMENDATIONS:

Cabinet are asked to approve:

1. Capital funding of £3m (Excl. VAT) for associated activities across eight sites to develop the 415 units of Extra Care Housing to the point of achieving planning approval

while enabling market delivery engagement to be determined in preparation for full capital Cabinet approval at the next stage.

2. Give in-principle approval for the sites listed in Part 2 to be used for Extra Care Housing accommodation. Business cases will be presented to Cabinet to confirm final approval for the development of these sites for Extra Care Housing.

REASON FOR RECOMMENDATIONS:

In addition to the eight sites identified, the development of Extra Care Housing set out in this paper along with the five previously approved sites will realise the Council's strategic objective to expand affordable Extra Care Housing provision by 2030.

Capital funding of £3m is requested to undertake all preliminary design and associated surveys and investigations to demonstrate the viability of the new growth Extra Care Housing sites, seek pre-Application planning advice and undertake detailed cost planning, procure contractors and secure planning approval. Contractors will be engaged in early works to design out risk and ensure buildability and deliverability and once appointed to complete the detailed designs.

Following feasibility work further cabinet approval will be sought for the delivery of these sites and capital investment needed as set out the business cases for each site.

DETAILS:

Background on the sites

1. The location of the sites owned by the Council, and intended to be used for Extra Care Housing developments are as follows:
 - Reigate
 - Banstead
 - Redhill
 - Godalming
 - Farnham
 - Cobham (1)
 - Cobham (2)
 - Walton

Eight locations have been identified of which four of these sites have been subject to internal review by key stakeholders. The remainder are under review. It is important to note that no significant expenditure will be spent on them prior the conclusion of internal review by key stakeholders.

Although the in-principle approval of these sites in combination with previously agreed sites can realise the councils commitment of delivering 725 units of affordable Extra Care Housing by 2030 there will be further work to identify additional sites so that the council is well placed to respond to any changes in need and demand which will kept under regular review.

Key assumptions for Extra Care Housing developments

2. Initial feasibility sketches based on planning feedback and a review of the local area shows that the additional sites identified in this report could provide 415 units of affordable Extra Care Housing depending upon design and planning permission. This

would mean that plans are put in place to secure the delivery of remaining 415 units (57%) of the Council's strategic ambition for Extra Care Housing developments which was to deliver at least 725 units of affordable Extra Care Housing.

3. The Council's focus is on developing Extra Care Housing schemes that deliver affordable units for individuals with eligible ASC needs that the Council is required to support. As such, the Council's default approach is to develop 100% affordable schemes whereby the Council has nomination rights for all of the units.

IMPLICATIONS OF NOT UNDERTAKING THE PROJECT AND ALTERNATIVE OPTIONS CONSIDERED

OPTION 1 – RECOMMENDED APPROACH: PROGRESS SCHEMES UP TO SUBMISSION OF A FULL PLANNING APPLICATION FOR THE SITES IDENTIFIED TO DELIVER THE REMAINING UNITS OF THE ACCOMODATION WITH CARE AND SUPPORT STRATEGY.

Recognised strengths of this approach are as follows:

- i. Identification and approval of sites enables the release of assets for alternative use to meet the local Extra Care Housing requirements.
- ii. Information will be developed into a sufficient level of detail to test the finance model.
- iii. The procurement and appointment of a team of consultants to undertake all preliminary due diligence to de-risk the developments, design and associated surveys and investigations to accelerate the Extra Care Housing Programme, seek pre-Application planning advice and undertake detailed cost planning to inform the final site approvals delivery business cases for Cabinet to agree and inform the Invitation To Tender (ITT).
- iv. Test the market to assess prospective bidder's appetite for programme in its entirety and identify early on responses to enquiries.
- v. Design development to inform the development of buildings that are environmentally more sustainable in line with Surrey Climate Strategy while addressing the issues of fuel poverty for ASC.
- vi. Buildings are designed with input from ASC Commissioners as to best practice for future proofing and flexibility addressing the needs of the residents as they change.

OPTION 2 – DO NOTHING: CONSIDERED BUT NOT THE RECOMMENDED OPTION FOR THESE SITES

The challenges and limitations for this option are as follows:

- i. Do nothing is not an option as it does not align with the Surrey Vision for Adult and Social Care going forward.

CONSULTATION:

4. The consultation for this proposal builds on the previous discussions that have occurred during the lifespan of this programme, as outlined in previous Cabinet reports and the Council will continue to actively engage with Districts and Borough Councils at an early stage on the proposals for the sites.
5. To support this engagement with councillors and the District and Boroughs the programme governance for the delivery of Extra Care Housing includes a Member Stakeholder Group allowing for input to and oversight of delivery plans at an early stage.

6. Further consultation for the sites which are the subject of this report will take place alongside design development and feasibility studies. In these meetings the Council will share the proposed use for the sites with colleagues in the District and Borough Councils. This will provide the District and Borough Councils with an opportunity to share any feedback or raise any considerations that they may have on planning or development at this early stage.
7. We will work closely in partnership as the plans develop and will endeavour to deliver a solution that is beneficial to residents, the Council and the District and Borough Councils.
8. By offering this opportunity to the market, the Council will support the economic recovery both locally and nationally to the Covid-19 crisis.

RISK MANAGEMENT AND IMPLICATIONS:
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9. There are a range of risks that have been identified including strategic, operational and technical risks.
10. Strategic risks include the Medium-Term Financial Strategy (MTFS) assumptions linked to the delivery of Extra Care Housing not being able to progress sites in a timely way or not at all should the feasibility work identify significant barriers to successful delivery. The recommendations in this report seek to directly respond to this by progressing at pace feasibility work to enable a strategic programme for delivery to be agreed.
11. Operational risks include the need to ensure that each scheme is designed with flexibility in mind to meet service and corporate needs and ensure longer term viability and flexibility of use should strategic priorities change. Through the robust programme and project governance in place all service and corporate needs will be considered throughout the feasibility work.
12. Technical risks include a wide range of matters that may mean sites are subject to certain constraints. A robust range of mitigating actions have been designed into the feasibility work to identify, understand and address these risks including:
 - a. An extensive series of due diligence site surveys and investigations are being undertaken directly by the council which in parallel with early designs and cost planning. These will determine whether the remaining sites are suitable for the planned development and represent value for money. Additional risks such as levels, soil contaminants, demolition, asbestos, existing services, ecology/wildlife, tree surveys/Tree Presentation Orders (TPO's) etc. are taken into account to sustainably manage local ecology in accordance with the natural environment of the local community. Early works will be undertaken where possible to address abnormal site conditions and speed up the delivery process
13. Risk that planning permission will be refused – mitigating actions being taken:
 - a. A planning consultant will be appointed alongside the designers to lead the pre-application discussions before any application for planning consent is made;

- b. Engage with the local community to understand local concerns and to shape plans e.g. closer working with residents and community groups;
- c. Consider the close proximity of the neighbouring building and design a scheme which is complementary to its surroundings;
- d. The Council's Legal Team are currently undertaking Title investigations to ensure that any restrictive covenants do not prohibit or significantly inhibit the development of the sites for the Extra Care Housing.

14. Throughout the process there will be ongoing review and assessment of any financial risk and the schemes will be developed in the most efficient way in relation to design and construction being cognisant of achieving value for money.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

15. Our intention is to undertake:

- i. Feasibility studies and concept design to RIBA Plan of Work 2020 stage 2.
- ii. Complete already commissioned surveys, site investigations and planning / environmental / legal reports.
- iii. Complete the Demolition of existing structures on the identified sites, address and assess site abnormal conditions and associated enabling works on site.
- iv. Complete the Pre-Application consultations and Planning Applications.
- v. Through collaboration between ASC and the Consultant design team compile Employer's Requirements (the basis of the ITT) in preparation for tendering the schemes to the market.
- vi. Preparation of the necessary documentation to enable a competitive Tender process for suppliers and early contractor involvement.

16. The scheme will be designed to take into account environmental impacts, sustainability and ongoing life cycle costs which will support the Greener Futures agenda.

17. The requested £3m will be released from existing Pipeline capital allocations for Extra Care and is based on estimated costs of fees, surveys, planning applications and other due diligence of c£375k per site.

18. If any of the sites are not progressed for Extra Care, any costs incurred in relation to these sites will need to be funded from revenue budgets. Such costs are not budgeted for in the Medium-Term Financial Strategy and will result in a pressure on revenue resources. In order to mitigate against this risk, only limited expenditure will be incurred prior to sign off of the sites as appropriate.

DETAILED FINANCIAL MODELLING & EFFICIENCY SAVINGS

19. This will form part of the final cabinet paper requesting full approval for the strategic delivery of the Extra Care Housing programme following the detailed feasibility stage.

CAPITAL COST PROFILE AND FUNDING

20. This will form part of the final cabinet paper requesting full approval for the delivery of the Extra Care Housing Programme following the detailed feasibility stage.

SUMMARY OF BENEFITS

21. These are the likely benefits that will arise from increasing the availability of affordable Extra Care Housing:
- a. Improved quality of housing stock with affordable rents.
 - b. We will be better placed to tackle health inequality through improved outcomes for Surrey residents;
 - c. Fit for purpose, suitably designed spaces for older people;
 - d. Delivery of services and accommodation to support individuals to live independently for longer in their local communities;
 - e. Supports and empowers communities through providing safe spaces;
 - f. Cross partner working and opportunity for new partnerships;
 - g. Improve efficiencies and effectiveness;
 - h. Flexible accommodation to meet future demand and local needs;
 - i. Reduction in ongoing revenue costs to ASC budget through offering an alternative to higher cost residential care.
 - j. Income generation from utilisation of assets;
 - k. Release of assets for alternative service use and reduction in service revenue costs;
 - l. Improved outcomes for Surrey residents in line with the Council's Accommodation with Care and Support Strategy for 2030.

SECTION 151 OFFICER COMMENTARY

22. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
23. As such, the Section 151 Officer supports works required to further progress the development of these identified sites for Extra Care. Funding is contained within the approved Pipeline Capital Programme. Once complete, further detailed financial modelling is required for each site, or group of sites, to determine the delivery approach. Further approval will be sought from Cabinet to progress these works beyond this initial feasibility.

LEGAL IMPLICATIONS – MONITORING OFFICER

24. The Council, subject to Cabinet approval, intends to deliver Extra Care Housing through the use of identified sites.
25. The Council is empowered under legislation to acquire, dispose of, develop and redevelop land which will facilitate delivery of the Extra Care Housing. For the purposes of this report, the identified sites are owned by the Council.
26. Under Section 2(1) of the Local Authorities (Land) Act 1963 a local authority has extensive development powers and may, for the benefit or improvement of its area, erect, extend, alter or re-erect any building and construct or carry out works on land.

- 27. Depending on the proposals to expand and or redevelop the existing sites which have been identified, it will be necessary to adhere to statutory requirements such as planning consultations and to obtain any required consents that may apply to each of the sites.
- 28. At this stage, Cabinet is asked to approve capital funding of £3m excluding VAT to enable work to progress up to the stage of obtaining planning approval for each of the sites. As site specific details become available, it will be necessary to consider the applicable legislation and regulations for each site and any (further) consultations that may be required.

EQUALITIES AND DIVERSITY

- 29. An Equality Impact Assessment (EIA) is included as Annex 1, examining areas of consideration for any implementation of the Accommodation with Care and Support Strategy. Identified impacts at this stage centre on improved resident experience and outcomes, more people remaining independent within their own homes for longer and further consideration needed of people's natural communities, recognising that communities do not necessarily fit with statutory boundaries.

OTHER IMPLICATIONS:

- 30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report
Environmental sustainability	Set out below
Public Health	Consistent with the EIA there is a positive Public Health impact that can be achieved through the delivery of the Accommodation with Care and Support Strategy and therefore the approvals being sought in this report will help tackle health inequalities.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

- 31. In line with the Council's Climate Change Strategy and Government's Future Homes Standard, the Council will work with the development and housing management strategic partner(s) to ensure that design principles and build provide, at minimum, a 31% CO2 reduction when compared to current building regulations.
- 32. Providers will be asked to take the following approach when producing methodology on how they will reduce CO2:
 - a. Be Lean – Fabric first
 - b. Be Clean – Efficient energy supply
 - c. Be Green – Low Zero Carbon/Renewables

33. Any potential development consultants and contractors will have to outline within in their submissions on how they will achieve a reduction in CO2 emissions through design and building operations. This will be built into the method statement questions and weighting criteria in the tender evaluation.

WHAT HAPPENS NEXT:

- Commence feasibility studies and concept design to RIBA Plan of Work 2020 stage 2.
- Complete already commissioned surveys, site investigations and planning / environmental / legal reports.
- Investigate alternative sources of funding for Extra Care Housing.
- Complete the demolition of existing structures and associated enabling works on site.
- Communications – early engagement with key stakeholders will be scheduled prior to the commencement of works on sites.
- Complete the Pre-Application consultations and Planning Applications.
- Preparation of Employer’s Requirements.
- Preparation of the necessary documentation to enable a competitive Tender process for suppliers and early contractor involvement.

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Consulted:

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Annexes:

Annex 1 – EIA: Accommodation with Care Strategy – Extra Care

Annex 2 – Adult Social Care Cabinet Paper 16 July 2019:

Adult Social Care Accommodation with Care and Support Strategy for delivering Extra Care Housing for older persons and Independent Living schemes for adults with a learning disability and/or autism, July 2019.

Part 2 report

Sources/background papers:

- Built Environment Carbon Reduction Target Evaluation, August 2020 (*DRAFT*)
- [Community Vision for Surrey in 2030](#)