



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
13 July 2021
Agenda Item 16

Key Decision: Yes

Ward(s) Affected: Southwick Green

Ashcroft Sheltered Housing Scheme

Report by the Interim Chief Executive

Executive Summary

1. Purpose

- 1.1 To introduce members to the refurbishment and redevelopment options that have been considered at the vacant sheltered housing block at Ashcroft
- 1.2 To update members on the results of the consultation exercise with residents seeking their comments on these options
- 1.3 To seek agreement from Councillors on the preferred option for redevelopment of the site and approval of a budget to progress this option

2. Recommendations

- 2.1 To approve the preferred Option A for a New Build at Ashcroft as set out at Paragraph 4.2.2
- 2.2 To approve the release of a budget of £540,000 from the development programme contingency to enable the project to progress. The budget has been calculated by reference to the estimated requirements set out in Exempt Appendix A

2.3 To delegate authority to the Head of Major Projects & Investment to enter into all necessary contracts to carry out the matters referred to in clause 2.2

2.4 To note that a further report will be brought back to JSC in early 2022 following the grant of planning permission and following the completion of the procurement process to present and agree a Full Business Case to deliver the preferred option through to completion of new build properties.

3. Context

3.1 Overview of Ashcroft Sheltered Housing Accommodation

3.1.1 The Ashcroft Sheltered Housing scheme is located on Kingston Lane in Shoreham-By-Sea. The site consists of a main block of 21 flats (including bedsits, 1-bed and 2-bed flats) and 8 bungalows and has offered sheltered housing to Council tenants since 1982.

3.1.2 A Type 1 Fire Risk Assessment and subsequent technical notes provided by Potter Raper to Adur Homes Fire Officers indicated serious issues with Ashcroft's evacuation strategy and compartmentation of the building in 2019.

3.1.3 In early 2020 residents were decanted to allow an intrusive Type 4 Fire Risk Assessment. As well as upgrades to fire doors and escape stairs, recommendations include a number of intrusive actions such as ensuring fire resistance of the steel structure, ceilings, inner skin of external walls and soil pipes, firestopping roof cavities and walls and installing cavity barriers around window openings.

3.1.4 Alongside the above, many flats would require their layout and services adjusting to ensure that residents would have a safe exit in event of a fire. The report concluded that risk to life from fire at these premises was substantial. As a result, the building cannot be occupied until these issues have been addressed and the building has been made safe.

3.1.5 Notwithstanding recent maintenance expenditure, the building does not meet the requirements of the Homes (Fitness for Human Habitation) Act 2018. Services in the building need replacing, including the communal heating system, and it does not meet modern sheltered housing standards; there are no lifts or wheelchair accessible flats within the block.

3.1.6 To comply with current regulatory standards and those actions identified within the Type 4 Fire Risk Assessment, any refurbishment would result in a significant net loss of dwellings in the block.

3.2. Policy Context

3.2.1 Platform 2: Thriving People and Communities of the Councils' 'Platform for Places' outlines the Councils' objective to tackle the challenge of insufficient supply of housing.

3.2.2 Adur District Council's Local Plan (published in 2017) concludes that the scale of affordable housing need is 'substantial'. There are 756 households currently on the Housing Register, 158 of which are 'older households'.

3.2.3 To help meet the need, the Councils' 'Pathways to Affordable Homes' (approved by JSC on 30th March 2021) outlines Adur District Council's intention to self-deliver a minimum of 200 homes by 2025.

3.2.4 Improving the levels of Affordable Housing Supply is Priority 3 of Adur & Worthing Council's Housing Strategy, committing the Councils to increasing access to housing that they can afford, for people of all ages.

3.2.5 Adur & Worthing Councils undertook a Strategic Housing Market Assessment in June 2020. The population of people aged 65+ is expected to increase by 29% over the next 15 years, from 15,000 to 19,500, as residents age and others move into the area. 15% of single elderly people live in accommodation which is socially-rented.

3.2.6 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. As social housing tenants age, many will need to move from existing, conventional accommodation to housing with support (approximately 12.5% of those aged 75+).

3.2.7 Added to this, the Councils' 'And Then... Bouncing Back in Post-Pandemic Adur & Worthing' identifies the likely additional need for social housing following the pandemic, and the need to explore other ways to access funding and skills needed to bring forward new homes.

3.2.8 In 2019, the Adur & Worthing Council announced a Climate Emergency. As part of plans to reduce emissions, there is an aim to improve environmental efficiency across social housing stock, including replacement of gas boilers with lower carbon forms of heating in sheltered housing schemes.

4. Improvement Options at Ashcroft

4.1 Options for refurbishment

4.1.1 To address fire safety concerns, options were first developed to refurbish the building. As a result of the need to remove 'inner rooms' and provide a safe exit in event of a fire, in each scenario the building would need to be modified to provide a reduced number of units:

- Refurb Option A – providing 14nr one-bedroom flats for General Needs Accommodation. This results in a loss of 6nr flats in accordance with the existing layout.
- Refurb Option B – providing 13nr one-bedroom flats for sheltered Accommodation. This results in a loss of 7nr flats in accordance with the existing layout.
- Refurb Option C – providing 13nr flats for Mixed Use Accommodation. This includes 4 one-bedroom Extra Needs units to the ground floor and 9 one-bedroom General Needs units to the upper floor levels. This results in a loss of 7nr flats in accordance with the existing layout.

4.1.2 The cost of these options is in the realm of £2.9m to £3.5m, funding for which would need to be found from the Housing Revenue Account. The cost of the refurbishment per unit would be between £200,000 and £260,000. A refurbishment project would not be eligible for any affordable housing grant and would reduce the current unit numbers from 21 to c. 13-14 units.

4.1.3 Due to the reduction in unit numbers not all of the decanted households would be offered a return to the newly refurbished building.

4.2 Options for new-build

4.2.1 With any refurbishment option leading to a loss of units at Ashcroft, and the challenge of financing a refurbishment from the HRA, the opportunity was taken to consider options for demolishing the main block and rebuilding a new scheme in its place.

4.2.2 Two options were developed (one which retains the existing bungalows and one which demolishes them):

- New-Build Option A – demolition of the main block and construction of a new block providing c.43 one- and two-bedroom flats with a proportion designed for wheelchair users with common areas, lifts, and

car parking, with bungalows retained but improved to increase energy efficiency and new kitchens and bathrooms provided where necessary.

- New Build Option B – demolition of the main block and the bungalows and construction of a new block providing c. 51 one- and two-bedroom flats with a proportion designed for wheelchair users, plus common areas, landscaped gardens, lifts and car parking.

4.2.3 In both options, all residents of the decanted block would be offered a return, with bungalow residents offered an apartment in the new block in the New Build Option B scenario.

4.2.4 The bungalows are fairly modern, having been built c.1970. They are bigger than most one-bed homes offered by the Council for social rent, and most have long sitting tenants. Although in need of a basic update, they are in fairly sound condition. Demolishing them and providing the same number of units in a new block is neither desirable nor economic from a project perspective.

4.2.5 In March 2021, three options for improvement and redevelopment were put to residents of Ashcroft for their feedback. A summary of this consultation is provided below, however the responses obtained demonstrate that people like living in the bungalows, and the majority of residents are in favour of construction of a new block rather than refurbishing the existing one. The conclusion of the consultation is that the provision of a new block is preferred.

4.3 **The Preferred Option**

4.3.1 As a result of policy considerations (with the need for more affordable housing in Adur and the Council's desire to self-provide many of these homes), indicative support from residents, and as the most economic, deliverable and achievable option, New Build Option A is the preferred option to be taken forward.

4.3.2 The preferred option includes delivery of 43 high quality, modern, self-contained one- and two-bed apartments and communal areas that meet the needs of a retirement community through design, technology and delivery of services. Key principles of the scheme include:

- A commitment to the ten design principles for older people's housing developed by the Housing our Ageing Population Panel for Innovation (HAPPI);

- A high standard of energy efficiency and incorporation of renewable energy technologies where appropriate to align with the Council's strategic carbon reduction objectives;
- High architectural quality that responds to the site's history, location on Kingston Lane and the adjacent Southwick conservation area, especially in terms of design, massing and materials;
- Rationalisation and enhancement of the green space on the site, to provide outside gardens and common spaces for residents to enjoy.

4.3.3 The preferred scheme also includes internal updates to the bungalows and removal of the communal gas-powered heating system in favour of individual low-carbon heating systems.

4.3.4 Delivery of additional homes for socially rented retirement accommodation will also address under-occupation of Council housing stock by making larger homes available for families on the housing register.

4.3.5 The total cost of the preferred option is c.£11m, or c.£220,000 per unit. The cost of the project would be borne by borrowing against the HRA, with the project eligible for Homes England grant funding for affordable housing. In addition, a bid has been made for a £407,000 grant to fund the enabling works from One Public Estate's Brownfield Land Release Fund. Maintenance over 40 years would be in the order of £3.5m, almost half that of a refurbished building with three times the number of homes being provided.

4.3.6 The budget requirements to pursue the preferred option are indicative at present and will be firmed up as plans for the scheme progress. It is anticipated that a budget of £540,000 is required to take the project through RIBA Stage 1-3 and gain planning approval by summer 2022, with the budget for capital works at c.£10m (including contingency).

4.3.7 It should be noted that residents of the bungalows who have to leave their home temporarily while the works are ongoing will be eligible for 'disturbance' costs, and those that leave their home and come back to a new one are entitled to 'home loss' payments. It is anticipated that these payments will not exceed c.£260k.

4.4 Risks and mitigation

4.4.1 A table identifying the key risks in progressing the preferred option and measures proposed to address them is provided below.

Risk	Mitigation/Alternatives
Planning - especially in relation to proximity to Southwick Conservation Area	Pre-application meeting held with planning department. Early engagement with other stakeholders.
Budget - costs increase through design and construction after e.g. Covid and Brexit shortages	An optimism bias/contingency has been included. Quantity Surveyor appointed early. Strong set of Employer's Requirements will be produced.
Funding - funding not forthcoming from Homes England for all units	Early engagement with Homes England - initial steer received that existing building is moribund and so all units should be funded. Explore other forms of tenure if funding is not forthcoming.
Funding - funding not forthcoming from Brownfield Land Release Fund for enabling works	A decision is expected in August 2021. Viability to be reviewed following decision, more money could be requested from Homes England if scheme is unviable.
Abortive fees if scheme does not proceed	Consultants to be appointed with break clauses at each RIBA stage to help contain costs .

5. Engagement and Communication

5.1 In March 2021, Adur Homes invited comment from residents on three options for improvement/redevelopment of the Ashcroft site:

- Refurb Option B: Refurbishing the main block to provide 13units for sheltered housing, and updating the bungalows;
- New-Build Option A: Demolishing the main block, building a new block to provide 43 units for sheltered housing, and updating the bungalows;
- New-Build Option B: Demolishing the main block and bungalows, and building a new block to provide 51 units for sheltered housing

5.2 The purpose of the consultation was to understand residents' preferences about redevelopment and to gather information to ensure the design of any refurbishment or new-build scheme maximises the good things about living at Ashcroft and addresses the less popular aspects.

5.3 Key outcomes include the following:

- A response rate of 46% was achieved (11no).
- Generally respondents accepted that work needs doing and there will be disruption in the process

- Slightly more than half of respondents would prefer a brand new block built. Only three respondents would like to see bungalows demolished; none of these are bungalow residents.

5.4 55% of respondents would support knocking down the main block and building a new one. This supports progression of the preferred option. In doing so, consideration must be given to other things learnt from the consultation:

- The need to protect and enhance the green surroundings;
- The need to protect the site's character and community;
- The need to mark or celebrate the history of the site;
- The need to modernise the building services and community facilities.

5.5 In addition, residents will be provided regular updates on progress and regular design workshops and engagement exercises will be included as part of the programme.

6. Financial Implications

6.1 The decant of Ashcroft is currently costing the Housing Revenue Account £106,000 per year in lost rental income which is funded from the New Development and Acquisition Reserve. Consequently, it is critical that the property is bought back into use as effectively as possible.

6.2 The capital investment requirement for the new build option is substantially more than the refurbishment, however the Council will see a net potential increase in the number of units provided of 30. The new build option will also attract external funding of between £3.2m and £3.6m reducing down the net cost of the additional units to the Council of the preferred option, although the final cost will depend on the success of the bid to the Land Release Fund.

	Refurbishment	Reprovision	Reprovision (No LRF funding)
Number of units provided	13	43	43
	£	£	£
Expected capital scheme cost	3,312,020	11,138,580	11,138,530
Less:			
Land Release Fund		-407,000	
Homes England Grant		-3,225,000	-3,225,000
Net amount to be funded from borrowing	3,312,020	7,506,580	7,913,530
Net cost per unit	254,800	174,600	184,000

6.3 Overall, the net annual cost to the Council of the options is expected to be:

	Refurbishment	Reprovision	Reprovision (No LRF funding)
Asset life	20	50	50
Interest rate	1.50%	2.50%	2.50%
Initial costs associated with the proposal			
Debt charges	192,910	264,670	279,020
Property maintenance costs	7,280	24,080	24,080
Total costs	200,190	288,750	303,100
Less: Annual rental income	-65,120	-215,400	-215,400
Allowance for voids and bad debts	980	3,230	3,230
Net cost to the Housing Revenue Account	136,050	76,580	90,930
Net present value NPV (inflow / outflow (-))	-1,175,230	-643,440*	-1,061,160*
IRR	1.78%	3.12%	3.12%

*The NPV excludes the financial benefit of any asset disposal at the end of the appraisal period as it is assumed that the Council will hold the asset in perpetuity, should this value be considered then the investments would return a positive NPV.

Whilst there is a net cost to the HRA associated with all of the options, the new build option represents the best value for money both in the short term and the longer term as demonstrated by the Net Present Value and Internal Rate of Return (IRR).

- 6.3 The council currently has a budget of £750,000 for the purchase of new property and as a contingency for the overall development programme. It is proposed to use this existing budget to fund the next stage of design and feasibility work for the project. At the next stage of the project, Council will need to release the full project cost of circa £12m partially funded through prudential borrowing.

7. Legal Implications

- 7.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 7.2 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 7.3 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 7.4 Section 1 of The Local Government (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority confers the powers on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both (whether or not together with goods) for the purposes of, or in connection with, the discharge of the function by the local authority.
- 7.5 When entering into contracts for provision of goods and services the Council is to have regard to its Contract Standing Orders found at Part 4 of the Constitution.

Background Papers

- Housing Strategy 2020-2023 (March 2020)
- Platforms for Places: Going Further (2020-2022)
- Pathways to Affordable Homes (March 2021)
- And Then... Bouncing Back in Post-Pandemic Adur & Worthing (June 2020)
- Strategic Housing Market Assessment (March 2020)

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Sustainability & Risk Assessment

1. Economic

This proposal assists the council in meeting its stated strategic goal of increasing the supply of housing and enabling residents to live and work, at affordable prices in the district.

2. Social

2.1 Social Value

This proposal looks to improve the quality of life for existing residents of Ashcroft by providing accommodation that better meets their needs (including those who are wheelchair users), as well as providing improved accommodation for elderly people looking to move to sheltered accommodation from general needs accommodation.

2.2 Equality Issues

Under Section 149 of the Equality Act 2010 the Council has a Public Sector Equality Duty. This requires the Council to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Adur Homes, as part of the Council, is also subject to this duty. An initial Equality Impact Assessment was undertaken in order to understand the impact on stakeholders with protected characteristics on the consultation and engagement with residents on options. The Equality Impact Assessment will be updated and monitored throughout the project.

2.3 Community Safety Issues (Section 17)

There are no specific impacts on crime and disorder.

2.4 Human Rights Issues

This proposal assists with the right to respect a home for life by providing people with a decent affordable home.

3. Environmental

There are not currently any known environmental impacts however these will be considered as part of the consultation work. Improvements will reduce the carbon footprint of the Council's housing stock.

4. Governance

The proposals in this report are in line with the Councils' Housing Strategy and with its Platform for our Places strategic document.