
PROPOSED FUNDING CONTRIBUTIONS FOR DELIVERING EXTRA CARE HOUSING IN DUNS

Report by Service Director Regulatory Services & Chief Finance Officer
EXECUTIVE COMMITTEE

21 AUGUST 2018

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to recommend that the Council financially assists the delivery of the proposed extra care housing development at Todlaw Duns, which will provide 49 affordable housing, through the use of the Council's Affordable Housing Investment Budget.**
- 1.2 The sums recommended for approval were included in the Integrated Strategic Plan for Older Peoples Housing, Care and Support Needs, which was approved by Council in June 2018. The report provides some contextual comment, and progress update made regarding progressing the delivery of the proposed development.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Executive Committee**
 - (a) Approves the contribution of up to £1,735,237 grant funding from the Council's Affordable Housing Investment Budget to Trust Housing Association to enable the commencement of development of the extra care housing development at Todlaw, Duns.**
 - (b) Delegate's authority to the Chief Financial Officer to liaise with Trust Housing Association to agree arrangements to make payment to dovetail with project spend profile requirements.**

3 STRATEGIC HOUSING CONTEXT

- 3.1 The Council's Local Housing Strategy (LHS) 2017-22 is a statutory requirement that provides the strategic direction to tackle housing need and demand and informs future investment in housing and related services across Scottish Borders Council's area. The LHS is consistent with the Council's policy position of seeking to shift the balance of care by reducing the proportion of residential care packages and increasing the proportion of care provided through individual care packages, housing with care and extra care housing.
- 3.2 This will be achieved by building upon existing strong co-operation of the Council's Housing Sector partners and financial support from Scottish Government to help fund, develop and deliver extra care housing developments. This provides the opportunity to support higher levels of dependency but also providing a better environment for older people. Extra care housing is based on self-contained flats, rather than small rooms as in residential care, and offers care and support for those who need this service up to 24 hours per day. Therefore it can be seen as an alternative to both traditional sheltered housing and residential care settings.
- 3.3 The previously undertaken needs assessment for extra care housing, reported to Members in March 2016, concluded that there is a large projected need for this type of housing provision across the main towns in Scottish Borders. Through an option appraisal approach, the study also concluded that it would be best value if the developments were developed, owned and managed by Registered Social Landlords (RSLs). A framework to deliver the first six developments was set out in a report to the Executive Committee in September 2016. The Extra Care Housing Delivery Framework is an integral part of the newly developed 10-year Integrated Strategic Plan for Older People's Housing, Care and Support approved by Council on 27 June 2018.
- 3.4 The proposed delivery framework utilised Council owned sites where feasible and sought to maximise Scottish Government grant provision, and RSL private sector borrowing over the next five years of the Strategic Housing Investment Plan. It was also recognised that these will be high cost developments which were likely to require gap funding from the Council's Affordable housing Investment Budget, often referred to as the "Second Homes/Council Tax" Budget. The Executive agreed in principle to use this budget and Developer Contributions to address the funding gap associated with these developments.
- 3.5 An Extra Care Housing Programme Board has been established to oversee the delivery of the extra care housing projects. This meets on a quarterly basis. The Board consists of Officer representatives drawn from the Council's Strategic Housing, Social Work, Finance, and Assets and Infrastructure, plus NHS Borders and Eildon and Trust Housing Associations. Trust and Eildon are the two Registered Social Landlords (RSLs), with experience of delivery and management of extra care housing and necessary financial capacity, who have been selected to deliver the extra care housing developments identified in the Council's current Strategic Housing Investment Plan (SHIP) 2018-23. The current governance arrangements will in due course become a Project Board Workstream and incorporated within the new Governance arrangements that are required to monitor and support the effective delivery of the wider Integrated Older People's Strategic Plan for Housing, Care and Support in the Borders.

- 3.6 The Board has agreed an extra care housing building specification in order to inform the individual site specific design process being progressed by both RSLs. As a result of a joint selection process, the 2 RSLs have appointed the same design team to work up proposals for their respective sites at Todlaw Duns and Langhaugh Galashiels.
- 3.7 The SHIP provides a rolling 5 year planning horizon which sets out proposed prioritised affordable housing projects, and is framed by both Guidance and Resource Planning Assumptions provided by Scottish Government. The SHIP is currently required to be revised, updated and submitted to Scottish Ministers annually. The proposed extra care housing developments have been identified in the Council's SHIP submissions, and Scottish Government More Homes Division officials are aware and supportive of the Council's strategic housing intentions, and have allocated £1.5m grant funding in 2018/19 to assist the delivery of Trust Housing Association's proposed development at Todlaw Duns. Once the project is legally committed, the balance of additional grant will be allocated in 2019/20 to suit spend profiling requirements.
- 3.8 Trust Housing Association has secured Planning Consent for 49 houses and flats and associated communal facilities on the Todlaw site. The Council is in the process of selling the site to the Association. Trust has carried out a traditional tendering exercise and recently received tender proposals are currently being checked. Trust is understood to have secured enhanced grant contribution of around 6% from Scottish Government More Homes Division. In the meantime the current probable costs financial modelling exercise for the Todlaw site estimates total project costs of £8,190,938. Anticipated funding contributions are as follows Scottish Government housing grant £3,393,936, Trust Housing Association private borrowing £3,061,765, and Scottish Borders Council £1,735,237. Figures require to be finalised subject to tender checking and grant offer from Scottish Government.

4 IMPLICATIONS

4.1. Financial

- (a) Ensuring the effective development and delivery of SHIP projects continues to be dependent on SBC's provision of core services, financial resource allocations from the Scottish Government, partner agencies and private developers and individuals.
- (b) There are a number of funding resources that the Council and its development partners have drawn upon including Affordable Housing Supply Programme Funding, 2nd Homes Council Tax, Commuted Sums, Housing Association Private Finance Borrowing, Charitable Bond funding and Scottish Water Grant Funding, and finally Council Borrowing from the Public Works Loan Board (PWLb) in order to deliver National Housing Trust Initiatives. Trust has indicated that it will contribute more than the normal benchmark private finance amount per unit in order to deliver the Todlaw project.
- (c) Scottish Government has set itself an ambitious national target to deliver 50,000 affordable homes over the lifetime of the current Scottish Parliament. Scottish Government made an allocation of £14.065m to assist delivery of affordable housing projects in Scottish Borders in 2018/19. This represents a new record high level of external funding allocated to assist delivery of Scottish Borders Projects. Subject to fully spending the 2018/19 allocation provided, it is hoped that this may potentially be increased later in the year through re-allocation of unspent slippage funding from other Council

areas to assist acceleration of Borders projects.

- (d) The arrangements to collect and use the Council's "Second Homes/Council Tax" budget are framed by Scottish Government Guidance. This budget can only be used to assist delivery of affordable housing. The Council is required to provide statistical reports to evidence available balances and projects assisted. This reporting is now included within the SHIP document. The Guidance enables any unspent balance to be carried forward to subsequent financial years to dovetail with partners financial planning and project programming. This has enabled the Council to build up an available balance of £3.981m in anticipation of this being required to provide complementary funding to assist and ensure extra care housing delivery. The Council plans on the basis of around £0.715m net annual income to top up the budget.
- (e) Should the Committee decide to grant assist this proposed Trust Housing Association development, this will secure the allocated Scottish Government grant and RSL private borrowing as set out above at sections 3.7 and 3.8. The timing of the potential Council contribution has yet to be clarified, but is anticipated to be in 2019/20 after Trust has claimed all the Scottish Government project grant allocation. Therefore the Council can meet the proposed funding contributions.
- (f) It is estimated that once completed 2020, these 49 homes will generate around £0.049m in annual Council Tax income to the Council. Furthermore this construction phase will positively contribute to reducing income inequality for people in the Borders, by leading to the creation of numerous direct construction jobs, apprenticeships and indirect jobs within the construction supply chain, and in due course the creation of additional jobs in the care and support service sectors.

4.2 Risk and Mitigations

- (a) It is considered vital that the Committee agrees to the recommendations in order that partners funding can be secured and agreed and therefore critical project delivery dates can be met. Failure to do so will adversely impact on Partnership working, but will also similarly impact on delivery of the development and the wider Borders affordable housing programme due to the resultant £1.5 grant slippage for 2018/19, which could potentially be re-allocated outwith Scottish Borders. This could in turn have a further adverse impact by causing a reduction in future year's grant allocation.
- (b) Delivery of the SHIP and prioritised projects set out therein is largely dependent upon a number of variables, not least of which relate to resource and other political and organisation decision making processes beyond the control of the Council. However, governance and control measures are in place to ensure delivery of the SHIP including monitoring contractor performance and quarterly programme meetings involving Council Officers, RSL partners and Scottish Government More Homes Division Officials. In the event that the Committee decides not to grant assist the Todlaw development, this may have adverse impact of the ability of RSLs to fully spend the 2018/19 funding allocation as set out above in 4.2(b). Council Officers will seek to minimise adverse impact on the Borders programme by discussing other SHIP projects with the developing RSLs, seeking to accelerate delivery of projects capable of spending available grant, but which may complete before 31 March 2021 Parliamentary target deadline.

4.3 **Equalities**

- (a) In line with both Council policy and legislative requirement, all Strategic Housing Investment Plans are subjected to an Equalities Impact Assessment during the development phase. To date none of the SHIP submissions have identified any concerns regarding adverse impact on equalities groups through delivery of the SHIP. Indeed a number of the proposed projects such as extra care housing developments are considered to have a positive impact.
- (b) These plans are predicated on the endorsement of the principle of equalities as articulated in the SHIP Guidance. SHIPs are subjected to an Equalities Impact Assessment, Strategic Environmental Assessment screening and Rural Proofing Assessment.
- (c) Houses produced by Registered Social Landlords will be allocated according to their individual allocations policy and procedures. As a consequence, the RSLs are subject to the weight of Statutory Scrutiny via Regulation and Inspection by the Scottish Housing Regulator.

4.4 **Acting Sustainably**

- (a) All SHIP documents are subject to a pre-screening assessment in accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 using the criteria specified in Schedule 2 of the Act. The pre-screening assessments identified no, or minimal, negative effects in relation to the environment, hence SHIPs have been exempt from Strategic Environmental Assessment (SEA) requirements under Section 7(1) of the Act.
- (b) By seeking to deliver more new affordable houses, the Council's current SHIP 2018-23 promotes sustainable communities and helps address many of the housing supply challenges faced locally.
- (c) There are no adverse economic or social effects resulting from the recommendations of this report. In addition, SHIP 2018-23 project delivery and potential environmental effects from new build housing will be addressed through the Planning process which will apply National policies and standards.

4.5 **Carbon Management**

- (a) It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations.
- (b) New additional affordable housing will have a general effect on the region's carbon footprint however these are addressed within the planning process, and in meeting the housing requirements and standards as set out by the Scottish Government. RSLs aim that their new housing will be built to "Silver Standard" which exceed current basic Scottish Building Standards.

4.6 **Rural Proofing**

- (a) Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as 'remote rural' or 'accessible rural'. This applies to all areas of Scottish Borders out with the towns of Hawick, Galashiels/Tweedbank, Peebles, Selkirk, Eyemouth, Jedburgh and Kelso. It is anticipated that the proposed Todlaw development will provide a positive impact in Duns and the wider rural Berwickshire area.
- (b) The SHIP Project Working Group carries out a rural proofing exercise as part of the preparation of each SHIP. It is determined that the delivery of SHIPs will not have an unforeseen adverse impact on the

rural areas and that the needs of rural areas have been properly taken into account.

4.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to be made.

5 CONSULTATION

- 5.1 The SHIP Working Group has been consulted and contributed to this report.
- 5.2 The Extra Care Housing Board is supportive of the recommendations set out in this report.
- 5.3 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, and the Clerk to the Council have been consulted and their comments incorporated in the final report.

Approved by

Brian Frater
Service Director Regulatory Services

Signature.....

David Robertson
Chief Financial Officer

Signature.....

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Background Papers: Strategic Housing Investment Plan 2018-23.
Integrated strategic plan for older persons housing, care and support needs”
[May 2018]
Previous Minute Reference: 20 September 2016 .

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jacqueline Whitelaw can also give information on other language translations as well as providing additional copies. Contact us at Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 824000 ext 5431, email jwhitelaw@scotborders.gov.uk.