FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 In December 2013, Policy & Resources Committee approved a capital programme budget for the delivery of the Brooke Mead Extra Care Housing scheme to be financed through unsupported borrowing in the Housing Revenue Account (HRA), a Homes and Community Agency (HCA) Grant of £2.47M and a capital and/or revenue contribution from Adult Social Care (ASC) of up to £2.1m (with maximum increase limited to 10%). It also granted delegated authority to the Executive Director Environment Development & Housing (in consultation with the Executive Director of Finance & Resources) to enter into the necessary contracts for the demolition and development of the Brooke Mead Extra Care Housing scheme, following the granting of planning permission in December 2013.

1.2 A report on 12 February 2015 updated Policy & Resources Committee Members on project progress since the scheme was approved. This report sought Members’ agreement to increase the scheme capital programme budget, in order to cover a rise in costs primarily associated with build cost inflation forecasts, to a maximum of £12m. At the meeting, Members gave their formal approval for this increase in the capital programme budget.

1.3 The council entered into a contract for the construction of the building with Willmott Dixon Housing Ltd in May 2015 and the scheme is due to start on site before the end of June.

2. RECOMMENDATIONS:

That the Housing and New Homes Committee:

2.1 Notes the final contract costs for the Brooke Mead Extra Care Housing scheme are within the approved £12m budget and notes the risks associated with this project.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The project was handed over to the Estate Regeneration team from Housing in February
2015 and the team have been working with colleagues in Housing and Adult Social Care, in order to agree the final design (e.g. layout of offices and communal areas at ground floor). Both services are now signed up to the final design which has been 'frozen' to enable the completion of the detailed design stage (RIBA Stage 4). Plans, images and location maps of the proposed scheme are appended to this report.

3.2 The Homes and Communities Agency (HCA) agreed to roll over their funding for the scheme to the first quarter of the 2015/16 financial year. This is conditional on the council entering into a full build contract and starting works on site by the end of June 2015.

3.3 In April 2014, Willmott Dixon were appointed as the constructor for the development through the Scape Procurement Framework. They have been working with the council’s Estate Regeneration Team and independent Employer’s Agent (BLB Surveyors) during the pre-construction phase. Willmott Dixon have completed a pricing exercise that has been scrutinised by the council’s Employer’s Agent who has produced a Value for Money report for the council. A number of issues have been raised and resolved with Willmott Dixon and the sum for the works is agreed at £11,757,546. This will become the Fixed Price that is included in the contract with Willmott Dixon.

3.4 Professional fees for the Employer’s Agent, CDMC (including hand-over to Principal Designer under new regulations) and Clerk of Works functions which are essential to give us independent assurance of value for money, health and safety and quality of construction total £131,437. Section 106 contributions for the project equate to £35,450. This brings the total cost of the project to £11,924,433. However, the council’s Employer’s Agent has identified a number of possible reductions in the total cost through value engineering up to an amount of £308,000.

3.5 Key financial risks relating to the project are highlighted in section 5. In the event of these financial risks being realised, there is potential for the budget to exceed the £12M cap set by Policy & Resources Committee.

4. TIMELINE

4.1 Following the signing of the contract which is scheduled at the end of May 2015, the site was handed over to Willmott Dixon who will demolish the existing building and prepare for the construction works which should commence in September 2015. It is anticipated that the building will be completed in May 2017. A high level project timeline is detailed in Fig 1.

**Fig 1: Brooke Mead project timeline**

<table>
<thead>
<tr>
<th>Contract and detailed design</th>
<th>Dec-May 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing and value for money checks</td>
<td></td>
</tr>
<tr>
<td>Agree contract in mid-May</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Mobilisation</th>
<th>May-June 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign off relevant planning conditions</td>
<td></td>
</tr>
<tr>
<td>Four weeks mobilisation once contract agreed</td>
<td></td>
</tr>
<tr>
<td>Start on site mid-June</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling works</th>
<th>June-Sept 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site set-up, demolition and utility diversions</td>
<td></td>
</tr>
<tr>
<td>Completion of temporary access road</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction</th>
<th>September April 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of building</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hand-over</th>
<th>May 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished building handed back to council for letting</td>
<td></td>
</tr>
</tbody>
</table>
5. **RISKS**

5.1 The key risks associated with the project are detailed in Table 1.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Risk</strong></td>
<td>• Current programme is tight, but if contract can be entered into by the end of May the council should meet HCA’s required start date</td>
</tr>
<tr>
<td></td>
<td>• Regular meetings and conference calls with HCA</td>
</tr>
<tr>
<td></td>
<td>• Regular meetings with Willmott Dixon</td>
</tr>
<tr>
<td><strong>Financial Risk</strong></td>
<td>• Asbestos and other contamination studies have been undertaken in accessible areas and the costs of remediating has been included in the contract price</td>
</tr>
<tr>
<td><strong>Financial Risk</strong></td>
<td>• Willmott Dixon have a set aside a contingency to cover the development of the design through the build process</td>
</tr>
<tr>
<td></td>
<td>• Final designs have been agreed and signed off by Adult Social Care and Housing before being ‘frozen’ to enable the completion of the detailed design stage (RIBA Stage 4).</td>
</tr>
<tr>
<td><strong>Project Risk</strong></td>
<td>• Early engagement with Residents Involvement Team and Garages &amp; Parking Team in communications with residents over changes to parking arrangements</td>
</tr>
<tr>
<td></td>
<td>• Letter drops and regular project updates posted on gates and notice boards</td>
</tr>
<tr>
<td></td>
<td>• Monthly meetings with residents and businesses in the local area, hosted by the Albion Hill Residents Association</td>
</tr>
<tr>
<td><strong>Project Risk</strong></td>
<td>• Close monitoring of project and quick intervention by Project Manager/ Willmott Dixon in response to problem to ensure project keeps to timetable</td>
</tr>
<tr>
<td></td>
<td>• Inclusion of financial penalties for extended project delay</td>
</tr>
<tr>
<td><strong>Policy Risk</strong></td>
<td>• Close liaison with Adult Social Care, OT and Housing colleagues concerning the design of the development</td>
</tr>
<tr>
<td></td>
<td>• Alignment of design specifications with Habinteg, HAPPI, Lifetime Homes, CFSH standards etc.</td>
</tr>
<tr>
<td></td>
<td>• Regular meetings held with ASC and Housing colleagues concerning the revenue funding of support services/ activities within the community spaces of the development</td>
</tr>
</tbody>
</table>

6. **COMMUNITY ENGAGEMENT & CONSULTATION**

6.1 The local community had previously been engaged through letters to local residents, a drop-in event and the formal planning process.

6.2 In the last three months, as the team have prepared for the project to get on site, a wide range of communication and consultation has taken place with residents and other stakeholders in the vicinity of the Brooke Mead site including:

- Briefings and updates for ward councillors
6.3 Information about the Brooke Mead scheme has been made available on the New Homes for Neighbourhoods page on the council’s website and in the council tenants and leaseholders newsletter Homing In.

6.4 The Estate Regeneration Team has briefed and updated ward councillors with project progress and will continue to keep ward councillors and local residents up-to-date as the scheme progresses. The contractors, Willmott Dixon, as well as council officers attended the Albion Hill Residents Association meeting on 23 April 2015 to explain the construction programme and the parking/access arrangements throughout the building works. The main issues raised by people at the meeting were:

- Parking arrangements;
- Access to the rear of premises in Richmond Parade for deliveries;
- Construction noise and dust;
- Operating hours;
- Security;
- Training and work experience opportunities.

Reassurance and clarification was given to residents on all of these issues by both council officers and Willmott Dixon.

6.5 A drop-in event was also held on Monday 18 May 2015 at Community Rooms Thornsdale, Albion Hill, Brighton. This event enabled residents and businesses in close proximity to the site (i.e. Church Way, Grove Bank, Richmond Parade and Albion Street) to meet the council’s Project Manager as well as Willmott Dixon’s Construction Manager and Community Liaison Manager. Residents had the opportunity to discuss any concerns they had about the development and/or construction programme directly with the contractor and council officers.

6.6 During the construction programme, the access road to the rear of the businesses and residential units on Richmond Parade will be closed for approximately 18 months. In anticipation of this, a number of visits by Willmott Dixon and the council’s Project Manager have been carried out to businesses and residents on Richmond Parade to ensure that their operational/access requirements are accommodated within the new arrangements.

6.7 It is intended that both the Project Manager and Willmott Dixon will continue to hold regular meetings with local residents, businesses and ward councillors to ensure that any concerns they may have about the building project are satisfactorily resolved.

7 FINANCIAL & OTHER IMPLICATIONS:

7.1 In February 2015, Policy & Resources approved a budget increase of up to £12m for the Brooke Mead Extra Care Housing scheme financed through unsupported borrowing in the Housing Revenue Account (HRA), Homes & Community Agency (HCA) Grant and a capital and/or revenue contribution from Adult Social Care (ASC) of up to £2.1m.

7.2 The final cost estimate is very close to the approved budget and does not allow for the financial risks outlined in paragraph 5. However, the council’s Employer’s Agent has identified a number of possible reductions in cost through value engineering up to an amount of £308,000. This will provide the contingency towards the possible financial risks that have been identified.
7.3 The contract expenditure will be monitored through our Employer’s Agent who will provide regular update reports to the council. If the costs exceed the £12m approved budget then this will be reported through the council’s Targeted Budget Management process, with the additional costs being met through the Housing Revenue Account.

7.4 If there is a delay in the contract start and HCA funding of £2.475m is withdrawn, the council would consider the use of the HRA retained Right to Buy Receipts (which can be used towards the development costs of Social Housing) to replace this funding.

7.5 The table below provides a breakdown of the final contract costs and fees, as well as the funding sources and HRA subsidy.

<table>
<thead>
<tr>
<th>Brooke Mead Extra Care Housing (45 units )</th>
<th>Summary of costs and funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Final cost</strong></td>
<td>£’000</td>
</tr>
<tr>
<td>Contract Tender sum</td>
<td>11,757</td>
</tr>
<tr>
<td>Employers Agent Fee</td>
<td>131</td>
</tr>
<tr>
<td>Section 106</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total estimated final cost</strong></td>
<td>11,923</td>
</tr>
<tr>
<td><strong>Funded By</strong></td>
<td></td>
</tr>
<tr>
<td>ASC contribution (capital funding)</td>
<td>(2,100)</td>
</tr>
<tr>
<td>HCA Grant</td>
<td>(2,475)</td>
</tr>
<tr>
<td>HRA borrowing from net rental income stream (40 years)</td>
<td>(5,223)</td>
</tr>
<tr>
<td>HRA borrowing met from existing HRA resources (i.e HRA subsidy)</td>
<td>(2,125)</td>
</tr>
<tr>
<td><strong>Total funding</strong></td>
<td>(11,923)</td>
</tr>
<tr>
<td>HRA subsidy per unit</td>
<td>£47,222</td>
</tr>
</tbody>
</table>

Finance Officer Consulted: Susie Allen     Date: 21 May 2015

Legal Implications:

7.6 The contracts with the constructor, Willmott Dixon, and the Employers’ Agent, BLB Surveyors, have both been procured in accordance with procurement rules and the council’s standing orders.

Lawyer Consulted: Liz Woodley      Date: 02/06/15

Equalities Implications:

7.7 Brighton & Hove has a growing population including a significant increase in the number of older people over eighty five with a support need. Such an increase will have an impact on the ability of people in risk categories, including those with some form of dementia, to remain independently in their own homes. This is projected to lead to additional demand for long term care services. The City is currently a high user of residential care accommodation and is committed to providing alternative housing options, in particular developing extra care housing for adults and older people as a corporate and budget priority.
Sustainability Implications:

7.8 The Brooke Mead scheme will be energy efficient and built to minimise carbon emissions. The development will be fuelled in part by solar energy with solar photovoltaic panels being placed on the roof.

7.9 The scheme includes outside space for each individual flat and a community garden. A high level landscape plan which looks at the green areas in and around the site has been included in the development proposals with further plans to be progressed with residents. The aim is to introduce semi mature trees, to encourage existing wildlife and support new habitats as well as create some open but defensible space for residents to enjoy.

Crime & Disorder Implications:

7.10 The New Homes for Neighbourhoods Estate Regeneration Programme offers the opportunity to provide new, well-designed homes which link to the council’s wider regeneration aspirations for the city, including the council’s economic development and sustainability objectives. Well-designed urban housing has been shown to influence the rate of crime and disorder as well as the quality of life for future occupants. The Brooke Mead scheme has been designed to Secure by Design principles to minimise the risk of crime.

Public Health Implications:

7.11 There are strong links between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat are likely to have a positive influence on the health of occupants of the new homes. The Brooke Mead scheme has also specifically been designed to meet the HAPPI and Habinteg standards for older people to ensure that they enjoy the highest levels of independence, choice and control over their daily lives. This is likely to have a positive impact on their mental health and well being.

Corporate / Citywide Implications:

7.12 The contractors, Willmott Dixon, are committed to working with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided as part of the development of these sites.

7.13 Each new unit of housing has potential to generate new income for the council by providing New Homes Bonus. The New Homes Bonus (NHB) is paid by government for each new unit of housing or home brought back into use in the city. It is estimated by the council’s Finance Officer, that the 45 residential units will attract New Homes Bonus in the region of £67k (over the next 6 years under the current scheme).
SUPPORTING DOCUMENTATION

Appendices:

1. Site Plan
2. Ariel view
3. Architects impression

Documents in Members’ Rooms:

None

Background Documents:

‘Brooke Mead Extra Care Housing – Development Update’ – Policy & Resources Committee 05/02/15
‘Extra Care Housing – Brooke Mead’ – Policy & Resources 05/12/13
Appendix 1 – Brooke Mead Site Plan
Appendix 3 – Architects impression