

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 22 SEPTEMBER 2015

Title of report	HRA SHELTERED HOUSING – DECOMMISSIONING OF WESTGATE, IBSTOCK
Key Decision	a) Financial No b) Community No
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Purpose of report	<p>The purpose of this report is to seek approval from Cabinet to formally decommission the empty sheltered housing scheme at Westgate in Ibstock and provide an update on the review of the Council's provision of sheltered housing that will form part of our revised 2015-2020 HRA Asset Management Strategy that will be submitted to Cabinet in October 2015.</p>
Reason for Decision	<p>The scheme needs to be formally decommissioned to complete the review of the future use of the site.</p>
Council Priorities	<p>Value for Money Homes and Communities</p>
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening	<p>None specific to this decision.</p> <p>None</p> <p>None</p> <p>Although Westgate was originally built to house a client group with high levels of vulnerability, there is now very little demand from older people to live in bedsit accommodation within traditional, corridor based blocks.</p>

Human Rights	No implications
Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Tenant and Leaseholder Consultation Forum.
Background papers	None
Recommendations	<p>IT IS RECOMMENDED THAT CABINET:</p> <p>1) NOTES THE CONTENTS OF THE REPORT; AND</p> <p>2) APPROVES THE FORMAL DECOMMISSIONING OF WESTGATE, IBSTOCK AS A SHELTERED HOUSING SCHEME.</p>

1.0 BACKGROUND

- 1.1 In 2011 the Housing Service undertook a review of the traditional corridor style sheltered housing schemes within its HRA asset portfolio to assess the investment needs and levels of demand for this type of accommodation. Three schemes, Heather House in Heather, Greenacre in Coalville, and Woulds Court in Moira, were subsequently identified as being surplus to requirements and were formally decommissioned.
- 1.2 Heather House was disposed of in 2014 and Greenacre and Woulds Court remain empty. An additional scheme, Westgate in Ibstock, has been empty since 2011, but has not been formally decommissioned. This report seeks to formally decommission this scheme.

2.0 FUTURE ACTIVITY

- 2.1 Our current housing stock includes 15 schemes, consisting of 334 properties, that provide sheltered housing accommodation. There are 11 schemes (including Greenacre, Woulds Court and Westgate), consisting of 232 properties, that are traditional corridor based blocks and 4 that are non traditional, in that the properties do not form part of a block based on corridor access.

2.2 The table below provides a summary of the investment needs and the potential disposal value (capital receipt) where known, of each of the 11 corridor schemes:

Sheltered Scheme		Av. Property Net Present Value	A Current Investment Need	B Potential Re-Design Costs	C Potential Total Investment	D Potential Capital Receipt from Disposal	E Investment v Disposal Differential (swing)
1	Greenacre, Coalville	-£33,550	£545,711	£250,000	£795,711	£550,000	£1,345,711
2	Westgate, Ibstock	-£31,904	£283,075	£250,000	£533,075	£600,000	£1,133,075
3	Woulds Court, Moira	-£29,001	£381,385	£300,000	£681,385	£410,000	£1,091,385
4	Queensway, Measham	-£30,180	£373,440	£250,000	£623,440	£595,000	£1,218,440
5	St Mary's Ct. Hugglescote	-£4,377	£508,590	£300,000	£808,590	£820,000	£1,628,590
6	Wakefield Ct. C. Donington	£2,688	£720,735	£150,000	£870,735	£660,000	£1,530,735
7	Norman Court Kegworth	£9,150	£626,430	£100,000	£726,430	£1,450,000	£2,176,430
8	Central Court Coalville	£10,759	£896,680	£300,000	£1,196,680	Not Known	£1,196,680
9	Fairfield Court Hugglescote	£12,411	£907,345	£200,000	£1,107,345	Not Known	£1,107,345
10	Park View Whitwick	£16,232	£855,266	£200,000	£1,055,266	Not Known	£1,055,266
11	Hood Court Ashby	£19,760	£848,050	£200,000	£1,048,050	Not Known	£1,048,050
Totals		N/A	£6,946,707	£2,500,000	£9,446,707	£5,085,000	£14,531,707

Key

Column A: Indicates the known investment need over the next 30 years to achieve and maintain decency to these properties in their current format. These costs are included in the current 30 year HRA Business Plan.

Column B: Indicates the basic potential redesign costs to modernise and improve the layout of the blocks. These costs are not included in the current 30 year HRA Business Plan and this expenditure would only be required if a need was determined to undertake this work to maintain the viability of the schemes and/or blocks.

Column C: Indicates the combined potential investment costs of columns A and B.

Column D: Indicates the potential capital receipt (where known) from disposing of the site for alternative development.

Column E: Indicates the potential financial differential (gain) between retaining each scheme and investing in it, and decommissioning and disposing of the site.

- 2.3 In addition to Greenacre, Westgate and Woulds Court, the future of a further three sites as sheltered housing schemes will be reviewed by 31 December 2015 due to a significant doubt about their viability:

This is primarily based on continuing low demand and the current occupancy levels as outlined below:

- Queensway House in Measham (58% vacancy rate);
- Wakefield Court in Castle Donington (50% vacancy rate);
- St. Mary's Court in Hugglescote (33% vacancy rate).

The future of the remaining five schemes will be reviewed by 31 July 2016.

- 2.4 The options for each decommissioned scheme will be considered as follows:

- Location and potential demand for general needs accommodation;
- Investment need and re-design costs to utilise existing building and site for general needs accommodation;
- Potential to demolish and utilise site for affordable housing, using one of the development models listed below:
 - RSL partner;
 - Development by external partner for NWLDC;
 - Development by NWLDC direct
 - Joint venture model
 - Developer led
 - Design & Build
 - Section 106
- Potential to dispose of the site for alternative private use and/or development.

- 2.5 The finalisation of options for decommissioned schemes will be as follows:

Greenacre

- Consultation is currently taking place with local residents about the potential development of this site to deliver new affordable homes to rent (1 and 2 bedroom properties of general needs accommodation).
- A decision will be sought by 31 October 2015 on proposals for any new development.

Westgate and Woulds Court

- A review of the preferred options for these sites will be completed by 31 December 2015 and 31 March 2016 respectively. There is potential for the review of Woulds Court to be linked to a broader assessment of surrounding properties, including Cherry Tree Court which was recently re-designated as general needs accommodation due to historic low demand.

Future

- It is recommended that proposals for the future use of decommissioned schemes are undertaken alongside the decommissioning review itself. If this is not feasible, the proposals should be completed no more than four months after the decommissioning decision has been taken, unless there are exceptional circumstances. This is to minimise the period of time buildings and sites remain empty, thus reducing potential blight, and to reduce the associated uncertainty within local communities whilst future determination is outstanding.

2.6 The analysis on a scheme by scheme basis is being undertaken as part of a revised HRA Asset Management Strategy for the five year period 2015-2020. It is intended to submit the proposed Strategy to Cabinet for approval in October 2015.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications associated with the decision to formally decommission Westgate at this stage. Any future proposals for alternative housing use or to dispose of it through the HRA Disposals Policy will be subject of a further report.

3.2 Any business case and costs associated with future recommendations will be met from the 2015 – 2020 HRA Capital Programme. Any income derived from asset sales will be credited to the Housing Capital Programme, in accordance with the provision of the existing Capital Allowance arrangements for the disposal of HRA assets.