

From: Tandra Forster  
To: June Graves  
Subject: Priory – Revised draft  
Sent: 29 April 2010 15:38

June

See attached draft report. I have cut quite a lot out, moved risks/benefits to section 2 and added £500k to the section setting out build costs.

I note that the minutes require further input from David Holling, given the deadline for submitting this is 4th May this would need to go over to him by tomorrow. Sorry this is tight but this is the first opportunity I have had to revise it.

Thanks  
Tandra

Tandra Forster  
Contracts & Commissioning Manager  
(Supporting People/Adult Social Care)  
Project Manager Supported Living Development Programme  
West Berkshire Council  
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Mob: 07786 277451

We have moved to a new address wef 1st December 2009:

West Berkshire Council  
West Street House  
West Street  
Newbury  
RG14 1BD

Telephone number and exts will remain the same

- [Introduction]
  - [The requirement for the development of extra care housing, to offer more appropriate care options for older people, has been identified in both the Council's Older Peoples Commissioning Strategy and the Putting People First Strategy for Adult Social Care. ]
  - [The Priory Court project, a 46 unit extra care housing development for people aged 55+, forms part of a range of projects within the Supported Living Development Programme, the aim of which is to promote choice and independence for vulnerable people in West Berkshire. This project is to be delivered by Sovereign South & West (SS&W), on previously developed land within their ownership, in Hungerford. ]
  - [As part of the negotiation to bring this project forward SS&W have indicated that their Board have concerns that achievement of planning consent could lead to costs in excess of £500k. ]
  - [Given the levels of investment, and recent experience of failed planning applications, SHA's Board are concerned that they will be financially disadvantaged if they fail to achieve planning consent for a Project that has been developed in response to Council priorities. ]
  - [In light of these concerns, Sovereign has asked if the Council will enter into a Risk Sharing Agreement to enable the project to proceed. This means is that the Council would accept a capped share of the pre-planning costs in the event that the project failed to achieve planning. ]
  - [Advice has been sought from both legal and finance to establish if the Local Authority can enter into this type of agreement. They have advised that any agreement would have to be determined by Executive, and this would have to be on the basis of a balanced view of the risks in proceeding with this against the benefits that will be delivered on the project]
- [Conclusion]
  - [It is recognised that this is new ground for the Council however it does reflect pressures created by the current economic climate and anxiety expressed by a number of RSLs about bringing forward new projects. It also raises a broader issue in respect of capital building projects and how the Council manages risk despite being a small cash limited authority.]
  - [Development of extra care housing is a clear Council priority as set out in the Older Peoples Commissioning Strategy and the Putting People First Strategy. The Priory project will offer more choice and control in the way older people receive care, creating better outcomes and improved well-being. It will also support the delivery of savings identified as part of the Medium Term Financial Strategy.]
  - [It is recommended therefore that Members agree to the development of a risk sharing agreement that will enable the Council to bring forward this extra care housing development in partnership with SS&W.]
- [Introduction]

- [The requirement for the development of extra care housing, to offer more appropriate care options for older people, has been identified in both the Council's Older Peoples Commissioning Strategy and the Putting People First Strategy for Adult Social Care.]
- [The Priory Court project, an extra care housing scheme, forms part of a range of projects within the Supported Living Development Programme (SLDP), the aim of which is to promote choice and independence for vulnerable people in West Berkshire. ]
- [The SLDP is a key part of Putting People First which is the Council's overarching strategy for transforming adult social care in West Berkshire. ]
- [This project is to be delivered by Sovereign, on previously developed land within their ownership, in Hungerford. The development, subject to planning consent, aims to provide 46 units of extra care housing for people aged 55+. The project will also include the development of a 29 unit sheltered scheme for older people with support needs. ]
- [Sovereign has estimated that the extra care housing scheme will cost £8.9m to develop of which they will contribute £6.6m and anticipate that the Homes and Communities Agency (HCA) will make a grant allocation of £1.3m. It is proposed that the Council contributes £1m to £1.5m of S106/capital funding to the build and £500k to the fixtures and fittings. ]
- [The build is forecast to complete by Autumn 2012.]
- [As part of the negotiation to bring this project forward Sovereign have indicated that their Board have concerns that achievement of planning consent could lead to costs in excess of £500k. ]
- [Given the levels of investment, and recent experience of failed planning applications, SS&Ws Board are concerned that they will be financially disadvantaged if they fail to achieve planning consent for a Project that has been developed in response to Council priorities. ]
- [In light of these concerns, Sovereign has asked if the Council will enter into a Risk Sharing Agreement to enable the project to proceed. This means is that the Council would accept a capped share of the pre-planning costs in the event that the project failed to achieve planning.]
- [Risks and benefits]
  - [Advice has been sought from both legal and finance to establish if the Local Authority can enter into this type of agreement. They have advised that any agreement would have to be determined by Executive, and this would have to be on the basis of a balanced view of the risks in proceeding with this against the benefits that will be delivered on the project.]
  - [Legal's consultation with our external auditors has identified the following risks:]
  - [The table below shows the risks identified and the controls that will be put in place to mitigate them:]
  - []
  - [Set alongside consideration of risk Members must take into account in their decision the benefits that this development project will bring, the role it will play in the modernisation of adult social care and the impact

- [Benefits that have been identified as part of the SLDP programme governance structure are set out in the table below:]

- [Conclusion]

- [The initiation of these developments requires considerable up-front investment and commitment from our partners; achieving planning consent can result in costs in excess of £500k. Whilst the Council is committed to support these developments planning constraints mean that there is increased risk of a protracted process, that it will require additional investment to ensure plans are acceptable and even then there is the real possibility that consent will not be achieved. The current economic climate means that concerns around these risks have heightened and RSLs require stronger assurances.]

## PART II

The report on the following item is **not for publication** by virtue of exempt information of the description contained in Paragraph \* of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the [Local Government \(Access to Information\)\(Variation\) Order 2006](#). [Rule 9.10.4 of the Constitution](#) also refers.

|                                    |  |               |
|------------------------------------|--|---------------|
| <b>Title of Report:</b>            | <b>Extra Care Housing Development, Hungerford</b><br><br><i>(Paragraph 6 – information relating to proposed action to be taken by the Local Authority)</i> | <b>Item *</b> |
| <b>Report to be considered by:</b> | Corporate Board  |               |
| <b>Date of Meeting:</b>            | 06 April 2010  |               |
| <b>Forward Plan Ref:</b>           |  |               |

|                            |   |
|----------------------------|---|
| <b>Purpose of Report:</b>  | To seek agreement to the establishment of a risk sharing agreement, in the context of partnership working to deliver a key Supported Living Development project, as part of the Putting People First Programme of work. |
| <b>Recommended Action:</b> | Members to agree the establishment of developing a risk sharing agreement that will enable the Council to bring forward an extra care housing development in partnership with Sovereign South & West.                   |

**Reason for decision to be taken:**

The requirement for the development of extra care housing, to offer more appropriate care options for older people is a key strategic aim for the Council and one of the main methods of delivering savings for Adult Social Care identified in the Medium Term Financial Strategy. The initiation of these developments requires considerable upfront investment and commitment from our partners; achieving planning consent can result in costs in excess of £500k. Whilst the Council is committed to support these developments planning constraints mean that there is increased risk of a protracted process, that it will require additional investment to ensure plans are acceptable and even then there is the real possibility that consent will not be achieved. The current economic climate means that concerns around these risks have heightened and RSLs require stronger assurances. It is proposed therefore that consent is given to the establishment of a risk sharing agreement, which would be negotiated to minimise the risk of its being enacted.

**Statutory:** ☐ **Non-Statutory:** ☐

**Other:**

**Other options considered:**

**Key background documentation:**

Older Peoples Commissioning Strategy

Putting People First - Adult Social Care Strategy

'Single Conversation' - Homes and Communities Agency

The proposals contained in this report will help to achieve the following Council Plan Priority(ies):

☐ **CPP1 – Support our communities through the economic recession** – to alleviate the impact on different communities and individuals who find themselves out of work and/or disadvantaged

☐ **CPP2 – Raise levels of educational achievement** – improving school performance levels

☐ **CPP3 – Reduce West Berkshire's carbon footprint** – to reduce CO<sub>2</sub> emissions in West Berkshire and contribute to waste management, green travel, transportation and energy efficiency

The proposals will also help achieve the following Council Plan Theme(s):

- ☐ CPT1 - Better Roads and Transport
- ☐ CPT2 - Thriving Town Centres
- ☒ CPT3 - Affordable Housing
- ☐ CPT4 - High Quality Planning
- ☐ CPT5 - Cleaner and Greener
- ☐ CPT6 - Vibrant Villages
- ☒ CPT7 - Safer and Stronger Communities
- ☐ CPT8 - A Healthier Life
- ☐ CPT9 - Successful Schools and Learning
- ☒ CPT10 - Promoting Independence
- ☒ CPT11 - Protecting Vulnerable People
- ☐ CPT12 - Including Everyone
- ☒ CPT13 - Value for Money
- ☐ CPT14 - Effective People
- ☐ CPT15 - Putting Customers First
- ☐ CPT16 - Excellent Performance Management

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Delivery of 46 units of affordable housing, creating more appropriate support and care opportunities for older people to enable them to remain living independently in the community in a secure and safe environment. Enable the Council to commission care services that offer greater value for money than alternative residential care services.

#### **Portfolio Member Details**

|                                  |  |
|----------------------------------|--|
| <b>Name &amp; Telephone No.:</b> | Councillor Joe Mooney - Tel (0118) 9412649 |
|----------------------------------|--|

|   |                                   |
|---|-----------------------------------|
| <b>E-mail Address:</b>                      | jmooney@westberks.gov.uk          |
| <b>Date Portfolio Member agreed report:</b> | 15 March 2010                     |
| <b>Contact Officer Details</b>              |                                   |
| <b>Name:</b>                                | Tandra Forster                    |
| <b>Job Title:</b>                           | Contracts & Commissioning Manager |
| <b>Tel. No.:</b>                            | 01635 519248                      |
| <b>E-mail Address:</b>                      | tforster@westberks.gov.uk         |

## Implications

### Policy:

### Financial:

If there are any financial implications contained within this report this section **must** be signed off by a West Berkshire Group Accountant. Please note that the report cannot be accepted by Policy and Communication unless this action has been undertaken.

### Personnel:

**Legal/Procurement:** 1. It is recommended that an external Auditor advice is sought before entering into this agreement.

2. Subject to 1, any contribution paid by the Council should be on an equal share basis. The draft agreement would need amendments to reflect an acceptable level of risk and a maximum limit for each head of expenditure needs to be defined. The negotiated final agreement will require approval by the Management Board and the Executive

### Property:

**Risk Management:** See section 3

**Equalities Impact Assessment:** This project supports age equality and non-agreement could jeopardise this if it is not able to go ahead.  
For advice please contact Principal Policy Officer (Equalities) on Ext. 2441.

**Corporate Board's View:** to be completed after Corporate Board meeting

**NOTE: This section does not need to be completed if your report will not progress beyond Corporate or Management Board.**

|  |                                     |   |
|--|-------------------------------------|---|
| <b>Is this item subject to call-in?</b>  | Yes: <input type="checkbox"/>       | No: <input checked="" type="checkbox"/> |
| If not subject to call-in please put a cross in the appropriate box:               |                                     |   |
| The item is due to be referred to Council for final approval                       | <input checked="" type="checkbox"/> |   |
| Delays in implementation could have serious financial implications for the Council | <input checked="" type="checkbox"/> |   |

|  |                          |
|--|--------------------------|
| Delays in implementation could compromise the Council's position   | <input type="checkbox"/> |
| Considered or reviewed by Overview & Scrutiny Commission or associated Task Groups within preceding six months | <input type="checkbox"/> |
| Item is Urgent Key Decision  | <input type="checkbox"/> |

## Executive Summary

### 1. Introduction

1. The requirement for the development of extra care housing, to offer more appropriate care options for older people, has been identified in both the Council's Older Peoples Commissioning Strategy and the Putting People First Strategy for Adult Social Care.
2. The Priory Court project, a 46 unit extra care housing development for people aged 55+, forms part of a range of projects within the Supported Living Development Programme, the aim of which is to promote choice and independence for vulnerable people in West Berkshire. This project is to be delivered by Sovereign South & West (SS&W), on previously developed land within their ownership, in Hungerford.
3. As part of the negotiation to bring this project forward SS&W have indicated that their Board have concerns that achievement of planning consent could lead to costs in excess of £500k.
4. Given the levels of investment, and recent experience of failed planning applications, SHA's Board are concerned that they will be financially disadvantaged if they fail to achieve planning consent for a Project that has been developed in response to Council priorities.
5. In light of these concerns, Sovereign has asked if the Council will enter into a Risk Sharing Agreement to enable the project to proceed. This means is that the Council would accept a capped share of the pre-planning costs in the event that the project failed to achieve planning.
6. Advice has been sought from both legal and finance to establish if the Local Authority can enter into this type of agreement. They have advised that any agreement would have to be determined by Executive, and this would have to be on the basis of a balanced view of the risks in proceeding with this against the benefits that will be delivered on the project



## **2. Conclusion**

1. It is recognised that this is new ground for the Council however it does reflect pressures created by the current economic climate and anxiety expressed by a number of RSLs about bringing forward new projects. It also raises a broader issue in respect of capital building projects and how the Council manages risk despite being a small cash limited authority.
2. Development of extra care housing is a clear Council priority as set out in the Older Peoples Commissioning Strategy and the Putting People First Strategy. The Priory project will offer more choice and control in the way older people receive care, creating better outcomes and improved well-being. It will also support the delivery of savings identified as part of the Medium Term Financial Strategy.
3. It is recommended therefore that Members agree to the development of a risk sharing agreement that will enable the Council to bring forward this extra care housing development in partnership with SS&W.

# **Executive Report**

## **1. Introduction**

1. The requirement for the development of extra care housing, to offer more appropriate care options for older people, has been identified in both the Council's Older Peoples Commissioning Strategy and the Putting People First Strategy for Adult Social Care.
2. The Priory Court project, an extra care housing scheme, forms part of a range of projects within the Supported Living Development Programme (SLDP), the aim of which is to promote choice and independence for vulnerable people in West Berkshire.
3. The SLDP is a key part of Putting People First which is the Council's overarching strategy for transforming adult social care in West Berkshire.
4. This project is to be delivered by Sovereign, on previously developed land within their ownership, in Hungerford. The development, subject to planning consent, aims to provide 46 units of extra care housing for people aged 55+. The project will

also include the development of a 29 unit sheltered scheme for older people with support needs.

5. Sovereign has estimated that the extra care housing scheme will cost £8.9m to develop of which they will contribute £6.6m and anticipate that the Homes and Communities Agency (HCA) will make a grant allocation of £1.3m. It is proposed that the Council contributes £1m to £1.5m of S106/capital funding to the build and £500k to the fixtures and fittings.
6. The build is forecast to complete by Autumn 2012.
7. As part of the negotiation to bring this project forward Sovereign have indicated that their Board have concerns that achievement of planning consent could lead to costs in excess of £500k.
8. Given the levels of investment, and recent experience of failed planning applications, SS&Ws Board are concerned that they will be financially disadvantaged if they fail to achieve planning consent for a Project that has been developed in response to Council priorities.
9. In light of these concerns, Sovereign has asked if the Council will enter into a Risk Sharing Agreement to enable the project to proceed. This means is that the Council would accept a capped share of the pre-planning costs in the event that the project failed to achieve planning.

## **2. Risks and benefits**

1. Advice has been sought from both legal and finance to establish if the Local Authority can enter into this type of agreement. They have advised that any agreement would have to be determined by Executive, and this would have to be on the basis of a balanced view of the risks in proceeding with this against the benefits that will be delivered on the project.
2. Legal's consultation with our external auditors has identified the following risks:
  1. Potential for the agreement to compromise the independence of the planning process
  2. Financial risk if the agreement has to be enacted, specifically the share of the pre-construction costs
  3. There is a risk that inappropriate triggering events would be specified.

3. The table below shows the risks identified and the controls that will be put in place to mitigate them:

| <b>Risk</b>   | <b>Control</b>   |
|---|--|
| <b>Potential for the agreement to compromise the independence of the planning process</b> | <p>Ensure that detailed pre-planning application meetings are held and the advice fed into the final application</p> <p>Governance arrangements ensure that the joint project management does not offer opportunities for compromise</p>   |
| <b>Financial risk if the agreement is enacted</b>   | <p>Ensure there is a cap on the maximum the cost the Council are liable for if the agreement has to be enacted. Pre-construction costs attached to the project have been estimated at £500k. For the purposes of this agreement costs will be capped at 50%, which equates to £250k, and the Council will only be liable for 70% of this, £175k. This is in effect 35% of the total pre-construction costs.</p>  |
| <b>There is a risk that inappropriate triggering events would be specified.</b>           | <p>Legal will lead the negotiation of the agreement, in consultation with Housing and Planning, to ensure that the triggers agreed are robust.</p> <p>Effective governance will be put in place to oversee the project and ensure all necessary measures are put in place to prevent use of the agreement.</p> <p>Ensure that the decision to enact the agreement has to be done jointly between the Local Authority and Sovereign South &amp; West.</p> |

4. Set alongside consideration of risk Members must take into account in their decision the benefits that this development project will bring, the role it will play in the modernisation of adult social care and the impact that failure to deliver the service will have on the Council's ability to achieve its MTFS.
5. Benefits that have been identified as part of the SLDP programme governance structure are set out in the table below:

|                           |   |
|---------------------------|---|
| <b>Financial</b>          | <p>The development of this project will contribute to the delivery of a savings target in excess of £300k in the MTFS 2012/13.</p> <p>It will offer more choice in the care market and consequently increase value for money.</p> |
| <b>Affordable Housing</b> | The development will contribute to the Council's target for the delivery of affordable housing  |
| <b>Choice</b>             | This project will widen the opportunity for people to access extra care services, ensuring a balance of provision across the district,  |

|                            |  |
|----------------------------|--|
|                            | <p><b>enabling people to remain living close to their families</b></p> <p><b>Promote better longer term outcomes for older people as it will encourage independence and greater control in line with the personalisation</b></p> |
| <b>Vibrant Communities</b> | <b>The project will encourage close links with local businesses to offer tenants a wide range of services e.g. hair dressing, small convenience store.</b>   |
| <b>Employment</b>          | <b>Create employment opportunities through the tender of a care contract.</b>  |

### 3. Conclusion

1. The requirement for the development of extra care housing is a key strategic aim for the Council, and one of the main methods for delivering savings to Adult Social Care identified in the Medium Term Financial Strategy.
2. The initiation of these developments requires considerable up-front investment and commitment from our partners; achieving planning consent can result in costs in excess of £500k. Whilst the Council is committed to support these developments planning constraints mean that there is increased risk of a protracted process, that it will require additional investment to ensure plans are acceptable and even then there is the real possibility that consent will not be achieved. The current economic climate means that concerns around these risks have heightened and RSLs require stronger assurances.
3. It is recommended, therefore, that consent is given to establishing a risk sharing agreement, this to be negotiated to minimise the risk of its having to be enacted.

### Appendices

Appendix A - \*

Appendix B - \*

### Consultees

**Local Stakeholders:**

\*

**Officers Consulted:**

June Graves

Mel Brain

David Holling

Shiraz Sheikh

Leigh Hogan

Andy Walker

\*

\*

**Trade Union:**