

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

23 MARCH 2018

REPORT OF THE PORTFOLIO HOLDER FOR HOUSING

A.2 THE CLOSURE OF TWO SHELTERED HOUSING SCHEMES

(Report prepared by Tim Clarke)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To inform Cabinet of the outcome of formal consultations in relation to the proposed closure of the Spendells and Honeycroft sheltered housing schemes and seek agreement to close the schemes.

EXECUTIVE SUMMARY

Following Cabinet's decision on 10th November 2017, a statutory formal consultation with residents and with the respective ward Members and Parish and Town councils has been undertaken in respect of the proposed closure of two Sheltered Housing Schemes; Spendells House and Honeycroft.

The consultation responses indicate that there is an acceptance that both schemes are no longer viable or fit for purpose and there is support from residents for closing them.

Further detailed viability work has been undertaken considering the level of occupancy at both schemes and costs associated with running them, the outcome of which supports the proposals to close them.

Therefore, it is proposed that the Spendells House and Honeycroft (not including the 8 bungalows) schemes should be closed which will provide estimated annual savings to the Housing Revenue Account (HRA) of **£0.139 million**. Options in respect of the future for each site will be brought back to Cabinet once fully evaluated.

Securing these savings would be subject to the options around the longer term future of the sites which are planned to be presented to Members in early 2018. In this interim period there would be costs to maintain the properties albeit in a fully vacated state, but the cost would be lower by **£0.003 million** per month in this interim period compared to recent average occupancy.

RECOMMENDATION(S)

It is recommended that Cabinet notes:

- a) that the statutory formal consultation on closure of the schemes has been undertaken and that there have not been any objections to closure from residents;**
- b) that the Spendells and Honeycroft Sheltered Housing schemes have proven to be unpopular for several years due to their shared facilities and dated design and that it is economically unviable for the Housing Revenue Account to continually subsidise the on-going and increasing revenue loss of rental income at the schemes, and;**

that Cabinet agrees that:

- c) the Corporate Director (Operational Services) be authorised to close the schemes and make necessary arrangements to secure alternative accommodation for affected residents;
- d) the Corporate Director (Operational Services) be authorised to make the necessary site security arrangements and “mothball” both buildings until a decision on their future is made; and
- e) further work be undertaken by officers, in consultation with the Portfolio Holder for Housing, exploring the future use of both sites after detailed financial modelling within the HRA. Consultation on proposed future options to include Frinton and Walton Town Council and Lawford Parish Council.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The decisions will contribute to the following priorities in the Corporate Plan 2016-2020:

Health and Housing – The appraisal has focussed on ensuring the provision of good quality and appropriate housing that meets local needs.

Our Council Our Community – The continued provision of sheltered housing and support services will ensure the delivery of high quality affordable services. The proposals overall will rationalise and potentially improve our housing assets whilst supporting the vulnerable. Future uses for the sites at both Spendells House and Honeycroft present an opportunity to engage with the community and support effective partnership working.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

As highlighted in the appendices, the net cost of operating both Honeycroft and Spendells has increased to a level that is no longer sustainable, and when taken into account with the estimated significant capital costs associated with major repairs and remedial works results in a negative viability assessment. This is further compounded by the cost of the empty properties such as Council Tax during void periods.

A budget of **£0.2 million** has already been put in place from the HRA General Reserve to support residents in moving to alternative accommodation. Tenants are entitled to a home loss payment if they have been a secure tenant for longer than a year – currently set by legislation at £6100 - and a disturbance allowance to cover the cost of moving. Based on current occupancy the likely total cost for this could be **£0.184 million** but will be dependent on what each tenant makes a claim for. A policy on when these payments will be made has been prepared for each scheme and was sent to tenants as part of the formal consultation.

Following a detailed review the comparison of the net costs of both schemes based on historic average occupancy and the ongoing costs once fully vacant are set out in Appendix A. The net subsidy from the HRA to run both schemes totals **£0.139 million** (**£0.084 Million** Honeycroft **£0.055 million** Spendells) however this can be avoided once a decision is made on the future of both sites. The longer term options for both sites will form part of a separate report to Members in 2018 but in the interim period it is acknowledged that a number of ongoing costs will remain as highlighted in Appendix A. The ongoing costs are estimated to be lower by just over **£0.003 million** per month than the costs if the

properties were to remain operational with occupancy based on historic averages.

Costs associated with site security are likely to increase significantly if the buildings remain vacant for longer than 6 months and a decision has not been made on their future.

Risk

There are risks associated with the proposals:

Reputational – the closure of any sheltered housing scheme will be unpopular amongst its residents and may attract wider media interest. The publicity and consultation must be handled sensitively and tenants consulted and supported throughout the process. There is also a reputational risk from not doing anything. It is not responsible as a social landlord to continue running schemes that are dated and make significant financial losses each year. Additionally the decision had to be taken in October 2017 to ask residents of Honeycroft to move out due to concerns over legionella. Questions have been asked around the timing of that decision and whether it was a precursor to the decision proposed in this report but the timing of the decision was purely coincidental. Given the transparency with which the process has been conducted and given that Honeycroft is already empty and residents at Spendells want to move it is clear that this difficult process has been handled in as sensitive a way as is possible.

Financial – there is a financial risk associated with not doing anything. Both schemes are under occupied and cost the Council money to run. This risk can be mitigated by taking a decision to do something different that improves the financial predicament of each scheme and its contribution to the Housing Revenue Account. The redirection of funds from the HRA capital programme carries the risk that other works are delayed to the detriment of tenants or the buildings themselves. Any adjustment to the programme will need to be carefully considered.

Tenant unwillingness to co-operate – this is now a low risk as the Honeycroft scheme is already vacant and residents at Spendells have all recently moved out.

LEGAL

Under Section 105 of the Housing Act 1985 the Council has a legal obligation to consult its secure tenants on 'matters of housing management' such as changes to the management, maintenance, improvement or demolition of houses let by them, or changes in the provision of amenities. This consultation has now been undertaken.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Area or Ward affected – Ward Members from Lawford and Walton have been involved in the consultation process alongside the tenants and will continue to be involved from here onwards. Lawford Parish Council and Frinton and Walton Town Council were invited to participate in the formal consultation.

Consultation – formal statutory consultation has now been undertaken on the proposed closures.

Equality and Diversity – Decisions sought through this report focus primarily on housing for older persons (those aged over 60). The Council is developing a Housing Strategy that addresses the housing needs of all age groups. The future of sheltered housing and support provision for older persons will be considered as part of that strategy. An

equalities impact assessment has been undertaken in relation to the recommendations to close both schemes. Whilst the proposals clearly affect a specific group of people as opposed to the population at large the support arrangements that are proposed act in mitigation of the negative impacts. The Council will do all it can to minimise the impact of what is a largely vulnerable group of people.

PART 3 – SUPPORTING INFORMATION

BACKGROUND & VIABILITY ASSESSMENT

At its meeting in June 2016, the Portfolio Holder for Housing confirmed to Cabinet that Officers had been instructed to commission a report on the viability of the schemes at Spendells House and Honeycroft.

The background to sheltered housing provision in the District along with occupancy and viability information relating to the Spendells and Honeycroft schemes were reported to Cabinet at its meeting on 10th November 2017. Cabinet agreed that Officers could commence formal consultation with residents on the closure of both schemes.

Consultation Feedback

Following the Cabinet decision on 10th November 2017 a formal statutory consultation took place with residents and the respective ward members and Parish and Town Councils. The consultation lasted for four weeks and closed on the 22nd December 2017. The consultation included a meeting with all residents where they had the opportunity to ask questions. All residents were sent a letter outlining the proposed closures along with the draft support policy and details of the home loss and disturbance allowances they would be entitled to claim.

Appendix B sets out the responses received in response to the consultation.

No objections to the closure of the schemes were received from residents or the respective ward members. Residents who responded accepted the support package offered to them. During meetings arranged with residents to discuss the proposed closures and consultation process there was a sense that residents accepted that the decision to close would be made. In the case of Honeycroft residents appeared keen for the Council to move quickly on the possible redevelopment of the site with bungalows and it was confirmed that they would have first refusal on any new tenancies should that option go ahead. At Spendells residents talked as though a decision had already been taken to close and all have now been assisted to move out of the scheme into alternative accommodation, mostly within Council owned stock.

Frinton and Walton Town Council responded to the consultation expressing concern about the closure of Spendells. They felt that the building should be converted to provided bathrooms for each residents and that a mixture of age groups would help fill the vacancies. Officers have agreed to participate in discussions with the Town Council over the future use of the building.

Supporting Residents

The Council recognises the importance of supporting residents through the process of moving to alternative accommodation. Each tenant has had a nominated Sheltered Support Officer who assisted them in identifying alternative accommodation and helping them move to it.

Policies are in place that set out how residents were supported through the closure process and how they received dedicated support and financial assistance with moving to alternative accommodation.

The Council has helped residents find alternative homes. Those that have moved from Honeycroft in October 2017 due to the legionella issues now have secure tenancies at the accommodation they have moved to. They have flexibility to move again should they wish to given that the original move was intended to be temporary. All residents at Spendells now have alternative accommodation identified for them and will continue to have secure tenancies if they remain in Council housing.

Conclusions

The current poor occupancy rate at both schemes reflects the low quality of accommodation on offer whilst revealing that the design of the schemes is no longer popular. The poor occupancy rates reflect the outdated nature of the accommodation but access to local facilities is also a big factor, particularly in the case of Spendells. Residents at Honeycroft have been keen to highlight that amenities were within their reach and that actually there is a lot to do in the Mistley / Manningtree / Lawford area. In particular Honeycroft came across as having a community associated with the scheme and this will continue as the eight bungalows will remain open on the site.

Each site offers up different potential but the Council has to consider the fact that the financial sustainability of the schemes in their current form is requiring a larger subsidy from the overall net rental income received across the Council's overall housing stock. There is potential for future investment but the first step is to close both schemes allowing for further discussions around the future of each site.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Comparison of net costs - Honeycroft / Spendells

Appendix B – Formal Consultation Feedback summary

Comparison of Net Costs

A.2 APPENDIX A

Honeycroft

	Costs Based on Average Historic Occupancy	On-Going Costs Once Fully Vacant	
	£ Per Annum	£ Per Annum	Notes
Employee Expenses	23,726	12,745	Any further reduction in costs would be subject to a wider review of sheltered schemes as part of the Housing Strategy

			Remaining costs relate to grounds maintenance, utilities, insurance and one-off costs associated with security etc.
Premises Related Expenses	105,785	6,132	
Supplies & Services	9,362	0	
Council Tax Costs	24,067	31,000	This relates to the council tax liability on empty properties
Income	(78,584)	0	
Total	84,356	49,877	
Estimated Monthly Cost	7,030	4,156	

Spendells

	Costs Based on Historic Average Occupancy	On-Going Costs Once Fully Vacant	
	£ Per Annum	£ Per Annum	Notes
Employee Expenses	23,726	12,745	Any further reduction in costs would be subject to a wider review of sheltered schemes as part of the Housing Strategy
Premises Related Expenses	78,269	5,873	Remaining costs relate to grounds maintenance, utilities, insurance and one-off costs associated with security etc.
Supplies & Services	9,680	0	
Council Tax Costs	18,523	30,000	This relates to the council tax Liability on empty properties
Income	(75,278)		
Total	54,920	48,618	
Estimated Monthly Cost	4,577	4,052	

Above costs exclude the financing costs associated with the move to HRA self-financing and internal recharges as these would remain as an overall cost within the HRA

A.2 Appendix B – Responses to Formal Consultation

Responses to consultation regarding proposed closure of Honeycroft and Spendells House Sheltered Housing Schemes

Honeycroft

a) Summary of views expressed at meeting held for residents of Honeycroft on 23 November 2017 regarding the proposal to close this scheme

Meeting was held at Crooked Elms and attended by Tim Clarke, David Black, Emma Norton, Dee Hury, Councillor Baker, 9 residents and 2 family members.

DB welcomed everyone to the meeting and outlined the current position in respect of the review and the reasons for the current consultation process. All tenants of the main block at Honeycroft had previously been provided with a copy of the support package to be made available.

There was a general acceptance of the reasons behind both the recent vacation of Honeycroft and

the proposed future closure of the main building, although it was acknowledged that the timing of the legionellosis risk was unfortunate, but unavoidable, given the ongoing review.

There was full support for the proposed redevelopment of the site, with former residents being given first refusal on any new properties built but it was confirmed that any decision regarding the future of the site would be subject to a further report and approval. The decision due in the New Year, expected to be February, would just relate to the proposed closure of the site.

The biggest concern expressed by those attending was being in a position of not knowing what their future holds and it was agreed that keeping the former and current residents of Honeycroft informed about future proposals would be of paramount importance. It was also agreed that a letter would be sent to residents early in the New Year confirming the outcome of the consultation.

All those vacated from Honeycroft were generally satisfied with their temporary accommodation but were keen to return to the Lawford area where family and social networks were.

DB and DH to follow up any repair and related issues regarding temporary accommodation.

DH to follow up query raised regarding need to register at a local doctor's surgery.

All those attending were encouraged to submit their comments during the specified consultation period.

b) Summary of comments received during the formal consultation period which ended on 22 December 2017

Five responses received (4 from tenants moved from Honeycroft and 1 from a resident of one of the bungalows)

Responses from those moved out all expressed a wish to return to Honeycroft once the site has been redeveloped.

Response from bungalow resident was opposed to development of the site to provide 21 bungalows as this would remove much of the open space area that they currently enjoy and the construction period will cause disruption and stress for the elderly residents that still live on the site.

Response from one ward member generally supporting the closure providing that something better can be provided in its place.

Spendells House

a) Summary of views expressed at meeting held for residents of Spendells House on 23 November 2017 regarding the proposal to close this scheme

Meeting was attended by David Black, Emma Norton, Dee Hurry, 6 residents and 1 family member.

DB welcomed everyone to the meeting and outlined the current position in respect of the review and the reasons for the current consultation process. All tenants had previously been provided with a copy of the support package to be made available.

There was a general feeling amongst residents that the current consultation period was repeating previous consultations and their expectation for this meeting was that they would be presented with options for rehousing. Some residents were also unhappy that they were provided with details of the support package and home loss payment that would be applicable but that they might not receive this if a decision is made not to close the scheme.

In response to a query, DB advised that, if a decision to close the scheme is made, every effort will

be made to find suitable alternative accommodation to meet each tenant's needs within or outside of sheltered housing. DB also advised that authorisation had been obtained to hold certain properties for future occupation by residents from Spendells House and that a Sheltered Support Officer would be allocated to each tenant to discuss and progress this.

Consensus was that residents were accepting of the need for the scheme to close and thought that this had been agreed at previous meeting.

DB advised that residents were able to move into any future properties identified for their occupation prior to any formal decision being made to close the scheme if they wish to do so.

b) Summary of comments received during the formal consultation period which ended on 22 December 2017

One response received and this confirmed the tenant's acceptance of the offer being made by the Council.

Response from Frinton and Walton Town Council

The Town Council were very concerned about the closure of this building and felt that it should remain open and be updated to give residents their own bathroom facilities. It was felt that a mixture of young and older tenants could work and would help to fill any vacancies within the building. The Town Council would like to partake in discussions with TDC in order to influence the decisions on the future of the building.