

Agenda Item: (7a)

DERBYSHIRE COUNTY COUNCIL**CABINET****6 MAY 2014****REPORT OF THE ACTING STRATEGIC DIRECTOR ADULT CARE****EXTRA CARE****1. Purpose of the Report**

To advise Cabinet of a decision by the Cabinet Member for Adult Care for the early termination of the Housing 21 extra care contract for future Phase 2 extra care sites, and to agree actions to be taken to review the appropriate balance of accommodation and support to meet the needs of older people in Derbyshire.

2. Information and Analysis

2.1. Cabinet approval was given on 22 January 2013 to agree the final contractual arrangements to enter into a contract to provide up to 800 units of extra care housing across Derbyshire. The contract, in the form of a Project Development Agreement with Housing 21, was signed on 11 April 2013.

2.2. The Project Development Agreement provided for the two initial sites at Long Eaton and Buxton to be funded through Housing 21's corporate funding, with the remaining future sites funded through a bond issue by a joint venture company between Housing 21 and Keepmoat. The Long Eaton site will provide 61 apartments, with 54 proposed at Buxton.

2.3. The aim of the Project Development Agreement was to:-

- Achieve financial close on the first two sites at Buxton and Long Eaton, subject to the necessary planning approvals.
- Enable the assignment, transfer and/or novation of the Project Development Agreement to the joint venture company to be established by 31 December 2014.

2.4. On 17 February 2014 Housing 21 formally notified the Council that whilst the intention had been for Housing 21 and Keepmoat to set up a joint

venture company once suitable funding had been sourced and agreed for the future sites, unfortunately the terms for such funding would make the project unviable for Housing 21. They advised that they were withdrawing from the Project at this stage for the future sites due to lack of funding.

- 2.5. The Long Eaton site is in construction phase. Due to a refusal of the previous planning application, Housing 21 is currently redesigning the Buxton scheme to submit a new planning application. If the Buxton scheme cannot be progressed to start on site by March 2015 it will not qualify for HCA funding. Under the terms of the Project Development Agreement it would then default to a future Phase 2 site.
- 2.6. Housing 21 have provided the Council with information in connection with their withdrawal from the contract. Housing 21 regrets that they have taken the decision to withdraw from the contract. They are withdrawing because the funding arrangements that have been offered are not at a viable level due to the current financial markets. The schemes at Buxton (subject to planning approval) and Long Eaton are not affected by this decision and will go ahead as planned. They remain committed to their current operations within Derbyshire.
- 2.7. The information provided by Housing 21 was considered by the Cabinet Member for Adult Care on 28th April 2014, and an early termination of the Housing 21 extra care contract for future Phase 2 extra care sites was agreed.
- 2.8. Whilst it is regrettable that Housing 21 have withdrawn from the contract for future Phase 2 extra care sites resulting in an early termination of the contract, it provides the Council with an opportunity to shape the future of housing and support for older people across Derbyshire, ensuring there is a good mix of high quality accommodation that is fit for the future. The Council will engage with local people across Derbyshire to get their views on what they would like to see in their areas.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, financial, prevention of crime and disorder, equality and diversity, human resources, environmental, and property considerations.

4. Key Decision

No

5. Call In

Is it required that call-in be waived in respect of the decisions proposed in the report?

No

6. OFFICER'S RECOMMENDATIONS That Cabinet:-

- 6.1 Notes the decision taken by the Cabinet Member for Adult Care to agree to the early termination of the contract with Housing 21 for Phase 2 extra care sites.
- 6.2 Agrees that public engagement is carried out to get the views of local people across Derbyshire on what they would like to see in their areas.
- 6.3 Notes that there will be a further report to Cabinet following the public engagement.

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