

# PERTH AND KINROSS COUNCIL

## Housing and Social Wellbeing Committee

29 November 2023

### BEECHGROVE HOUSE

**Report by Strategic Lead, Economy, Development and Planning**  
(Report No. 23/337)

#### 1. PURPOSE

- 1.1 This report provides an update and a response to the Motion presented to Council on 18 February 2020. This motion requested officers to carry out a detailed options appraisal regarding the future use of the buildings and site of Beechgrove House, Perth and explore the viability of the site for future health and social care provision and mixed-tenure housing.

#### 2. RECOMMENDATIONS

- 2.1 It is recommended that Committee
- notes the background to this report;
  - notes the outcome of the Feasibility Cost Plan
  - agrees to a design team being appointed to progress with the project

#### 3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:
- Section 4: Background/Main Issues
  - Section 5: Proposals
  - Section 6: Conclusion
  - Appendices

#### 4. BACKGROUND / MAIN ISSUES

- 4.1 Perth and Kinross Health and Social Care Partnership (HSCP) took the decision to close Beechgrove as a Care Home on 23 March 2018. While approval for demolition and redevelopment of the site was completed in early 2020, the onset of the Covid pandemic resulted in a decision to retain the building to enable the HSCP to provide clinical services on site on a temporary basis. The motion required Council Officers to carry out a full and detailed options appraisal in relation to the future use of the current buildings and site formerly Beechgrove House, and in particular within that wide-ranging appraisal to explore the viability of the site for future health and social care and mixed tenure housing.

- 4.2 A Strategic Business Case (SBC) was prepared in August 2021 to consider potential future uses of the site. This was to ensure that the proposed development option met corporate and strategic priorities and helped to achieve positive outcomes for people in Perth & Kinross, and met with the Motion. Discussions have continued with the H&SCP/NHS Tayside in relation to finding suitable alternative accommodation for the important clinical services currently delivered at Beechgrove. The notice to quit, however, was served on 24 July 2023 to take forward allow the Motion to be fully met.
- 4.3 The SBC identified that, to meet the key priorities of Housing, HSCP and the Corporate objectives, three broad options were most suitable to be considered for the future use of the site and buildings:
- i. repurposing the buildings for Health and Social Care Services permanently;
  - ii. demolishing and redeveloping the site for affordable housing;
  - iii. Demolishing and redeveloping the site for affordable housing with a “hub” for HSCP services.
- 4.4 Having considered these options, the business case concluded that the most favourable was option (ii): demolition and redevelopment of the site for affordable housing.
- 4.5 It was further noted that the site was already included in the Council’s Strategic Housing Investment plan (SHIP) as a site for affordable housing to be developed by Perth and Kinross Council.
- 4.6 A Feasibility Cost Plan was commissioned from Brownriggs Cost Consultants, based on available information about the existing building, and for the new build option on speculative proposals, completed prior to the Covid pandemic, for 40 units of housing.
- 4.7 This Feasibility Cost Plan was completed in January 2022 (with costs revised in September 2023). It considered two approaches to development:
- a) demolition and new build housing
  - b) conversion/refurbishment of the existing building for housing
- 4.8 The respective costs attached to these options are set out in the following table:

	<b>New build</b>	<b>Conversion</b>
No. of units	40	20-25 (note 1)
Development cost (£millions)	6.504	3.496
Cost per m2 (£)	2,464	1,949
Average cost/unit (£)	162,600	140-175,000

(Note 1: in the absence of any design information this is estimated on floor area alone)

- 4.9 With reference to the potential conversion of the care home into affordable housing, this was previously explored in the Strategic Business Case prepared in August 2021 and discarded as a viable option on the following grounds:
- the proposed residential conversion of the care home would result in approximately 20-25 units as opposed to a new build affordable housing project consisting of 40 homes.
  - any conversion of the care home into affordable homes is unlikely to achieve the diversity of house types to address local housing demand as well as meeting Housing for Varying Needs (hfvn).
  - it would be very difficult (potentially impossible) to optimise the energy efficiency in the existing building to meet the Scottish Housing Quality Standard and high energy standards within the Heat and Build strategy set out in the Government's Housing to 2040 document and within the Climate Change (Scotland) Act 2019. This was brought forward by the Scottish Government's More Homes Division in their latest grant funding criteria that require all new affordable homes from December 2023 to have a zero-carbon heating system.
- 4.10 While these figures are presented only as a broad indication of the respective options, new build sits within the scale of the per unit cost of conversion. However, the costs for this option would ensure enhanced construction quality and greater compliance with current energy performance standards. It would also provide the opportunity to reform the site in accordance with good practice in place-making.

## **5. PROPOSALS**

- 5.1 The Feasibility Cost Plan outcomes, presented at section 4 above, indicate that a new build housing solution for the site offers a better outcome than retention and conversion of the existing building.
- 5.2 It is proposed that development proposals are advanced to develop the entire site for a mixed tenure affordable housing development to meet the specific needs of older people. The Housing Learning and Improvement Network were commissioned by Perth and Kinross Council to review best practice and benefits and challenges within the older persons housing market in the UK. This also included an evaluation of opportunities for both housing and care development in Perth and Kinross.
- 5.3 This report identified that improvements were required regarding the available housing options for older people to support many to downsize from large and unsuitable accommodation, as well as to meet the needs of older people with particular support requirements.

- 5.4 Based on the feasibility cost plan, it has been estimated that 40 affordable homes of a mixed tenure could be built on the current site creating a sustainable and settled community. Twenty-seven units could be for Council Social Rent and 13 could be for Mid-Market Rent. Redevelopment of the site predominantly for housing suitable for older people may be viewed more favourably in view of the past use of the site as a residential home. It would also help to address the current and potential future challenges facing the Health & Social Care Partnership in terms of the ageing population and enabling people to live independently at home, as long as possible.
- 5.5 To take the project forward, if Committee approves the approach, a team will be appointed to design the project based on the above and the housing need and demand information provided by the Housing Service and key partners. This will include information on the housing support needs of older people locally. The design team will be appointed, through the appropriate procurement process, with a target date for construction commencing in financial year 2025-26.
- 5.6 The housing proposal will be financed in part from the second home Council Tax fund. In addition, developer's contributions for affordable housing will be used to support the delivery of the programme including prudential borrowing through the Housing Revenue Account (HRA). Financial support through grant funding provided by the Scottish Government's Affordable Housing Supply Programme (AHSP) has already been included in the Council's Strategic Housing Investment Plan (SHIP) for 40 homes. As such, the future programme and timescale will, therefore, be subject to the approval of the Scottish Government through its More Homes Division.

## **6. CONCLUSION**

- 6.1 The motion of 18 February 2020 required the Council to carry out an options appraisal into the future use of the site and buildings of Beechgrove House to explore its potential to deliver facilities for health and social care and affordable housing.
- 6.2 A Strategic Business Case in 2021 concluded that demolition and redevelopment of the site for affordable housing was the preferred option.
- 6.3 A Feasibility Cost Plan completed in January 2022, and updated in September 2023, demonstrated the difference in cost between new build housing and retention and conversion of the existing buildings.
- 6.4 It is proposed that the Beechgrove site be developed as a mixed tenure affordable housing development for 40 homes to meet the specific needs of older people. It was also proposed that a design team be appointed to progress with this project to provide much needed affordable housing within the area.

**Author**

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**Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
Barbara Renton	Executive Director (Communities)	21 November 2023

**APPENDICES**

- Appendix 1 - Feasibility Cost Plan (Brownriggs Cost Consultants, Sept 2023)

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>YES</b>
Corporate Plan	<b>YES</b>
<b>Resource Implications</b>	
Financial	<b>YES</b>
Workforce	<b>No</b>
Asset Management (land, property, IST)	<b>YES</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>None</b>
Strategic Environmental Assessment	<b>None</b>
Sustainability (community, economic, environmental)	<b>None</b>
Legal and Governance	<b>None</b>
Risk	<b>None</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>Yes</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

The Impact & Value Assessment (IVA) has been designed to screen every Council project, strategy or proposal against statutory and non-statutory environmental, social and economic requirements. It has replaced the previous existing Integrated Appraisal Toolkit (IAT).

### [Beechgrove Affordable Housing Project - Impact & Value Assessment Report](#)

#### 1. Strategic Implications

##### Community Plan/Single Outcome Agreement

1.1 This report supports all of the priorities within the Community Plan 2022-27.

- (i) *Reducing Poverty (including child poverty, fuel poverty and food poverty)*
- (ii) *Mental and physical wellbeing*
- (iii) *Digital participation*
- (iv) *Skills, learning and development*
- (v) *Employability*

##### Corporate Plan

1.2 This report supports the objectives within the draft new Corporate Plan: -

- (i) *Children and young people grow up safe, respected, well-educated, and confident in their ability to realise their full potential;*

- (ii) *People and businesses are increasingly able to prosper in a local economy which support low carbon ambitions and offers opportunities for all;*
- (iii) *People can achieve their best physical and mental health and have access to quality care and support when they need it;*
- (iv) *Communities are resilient and physically, digital and socially connected;*
- (v) *Perth and Kinross is a safe and vibrant place, mitigating the impact of climate and environmental change for this and future generations.*

## 2. Resource Implications

### Financial

- 2.1 Resource implications arising directly from this report emanate from the proposed local authority new build housing programme (as detailed in the SHIP appended). In addition to the Scottish Government Grant, the second home Council Tax fund and developer's contributions for affordable housing will be used to support the delivery of the programme including prudential borrowing. Detailed resource assumptions on the use of these funds will be reported to respective Council Committees when final details are known.

### Workforce

- 2.2 There are no workforce implications arising from this report.

### Asset Management (land, property, IT)

There are no asset management implications arising from this report. This site has been identified via the SHIP 2024/25 – 2028/29 are in ownership of the Housing Revenue Account and the General Fund. Discussions are ongoing with various departments regarding potential valuations, transfers to the Housing Revenue Account for the delivery of affordable housing.

## 3. Assessments

### Equality Impact Assessment

- 3.1 This report has been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt. The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. A Pre Screening Report has

been provided to SEA Gateway. Having consulted the three consultation authorities and having considered the criteria set out in the Act, the Council considers that the Beechgrove Affordable Housing Project is unlikely to have significant environmental effects. The relevant policy has been subject to assessment through the SEA of the Local Development Plan 2 (2019) so significant environmental effects as a result of the guidance that have not already been assessed elsewhere are unlikely. The Council has therefore determined that SEA is not required.

### [Beechgrove - SEA Pre Screening Report](#)

#### Sustainability

3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets;
- in the way best calculated to deliver any statutory adaptation programmes; and
- in a way that it considers most sustainable.

3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### Legal and Governance

3.5 Not applicable.

#### Risk

3.6 Not applicable.

## **4. Consultation**

#### Internal

4.1 Heads of Service and senior managers from Housing, and Planning have been consulted on the content of this report.

- Planning
- Education
- Health and Social Care Partnership
- Housing
- Estates
- Economic Development

- Occupational Health
- Finance
- Asset Management

### External

4.2 Consultation via various organisations progressed through external meetings from May 2023 – September 2023 with the following: -

- Scottish Government
- Scottish Water
- Local Community and Key Stakeholders

4.3 In addition, when this project develops, a further consultation exercise will be undertaken with the local community on the development proposals during design and development of the project as well as before the formal submission of the planning application.

## **2. BACKGROUND PAPERS**

2.1 The following background papers were used to inform this report:

- Scottish Government – Guidance on preparing Strategic Housing Investment Plans: Guidance Note MHDGN 2022/01 [Strategic Housing Investment Plan \(SHIP\) guidance note MHDGN 2022/01 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/mhdgn-2022-01/pages/introduction.aspx)
- Scottish Government - Affordable Housing Supply Programme: Process and Procedures MHDGN 2020/20 [Affordable Housing Supply Programme: process and procedures MHDGN 2020/02 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/mhdgn-2020-20/pages/introduction.aspx)