

Houses for Heroes

Report by John Blair, Director, Resources

1 Purpose of Report

This report advises Cabinet of an approach from, and discussions with, the Houses for Heroes charitable organisation; it seeks Cabinet's view on future engagement and a way forward to provide housing in Midlothian for military personnel who have been wounded/injured in service.

2 Background

2.1 Houses for Heroes is an independent charity founded in 1915 with the express purpose of providing housing for military service personnel who have been injured/wounded in service and require housing at the point of discharge. Houses for Heroes seeks to provide relatively small developments of up to ten units comprising detached dwellings with some private/garden space, 2/3 bedroom single storey and capable of occupation by residents with disabilities: and often as part of a larger housing development. The arrangements are that Houses for Heroes retain ownership and rent the properties to the ex-service personnel at a low rent. This reflects the fact that many tenants will often only be able to access low-wage employment. The demand for this housing has remained relatively constant, although the average age of the rehabilitated personnel has reduced as a consequence of recent and ongoing conflicts, most notably in Iraq and Afghanistan.

2.2 In seeking to acquire sites Houses for Heroes cannot buy residential land on the open market and retain a low rent charge model for its intended tenants as a result of land costs. The organisation originally sought to work with Melville Housing Association acting as a development agent. However, in other areas, the organisation has established effective and productive arrangements with a number of Scottish councils (including Highland, Angus, North Lanarkshire and South Ayrshire).

3 Houses for Heroes Interest in Midlothian

3.1 Initial approaches were made to Midlothian Council by Houses for Heroes in 2012 to ascertain if a site in Penicuik could be secured. Although opportunities elsewhere in Midlothian would be considered, Houses for Heroes have focused on Penicuik given its proximity to the existing Garrison as a supportive community: and sites with ready access to facilities and regular public transport are preferred. Having reviewed potential sites in the ownership of Midlothian Council, one particular site regarded by Houses for Heroes as having potential is the 'Pentland House' site just to the west of the A701 opposite the Tesco store. This site is identified as prospective site 101 in the Council's

Phase II Social Housing Programme. A location plan is attached as an appendix to this report.

- 3.2** The proposal from Houses for Heroes would be that the Council gifts, or assigns a long lease at a peppercorn rent, an area of land within the site for a group of about eight houses for Houses for Heroes, that the Council builds them to the Houses for Heroes specification as part of the overall build contract for the site, and then sells those to Houses for Heroes at a discounted price. Any discount could not be funded through the Housing Revenue Account due to the statutory operating restrictions for that account, and would therefore need to be from an alternative source, most likely the general fund. It is also relevant to note that, on account of their particular specification, the unit costs of the Houses for Heroes houses are significantly higher than for mainstream social housing units.

4 Considerations

- 4.1** In January 2012 Midlothian was one of the first Councils in Scotland to sign, along with other key agencies, 'An Armed Forces Community Covenant'. Assistance to Houses for Heroes would be in direct accordance with the terms of the Covenant. The choice of Penicuik is particularly relevant having regard to the close relationship of this community with the Garrison in the town. It is therefore proposed that the principle of the Council engaging with Houses for Heroes to provide housing for ex-service personnel and their immediate families is to be supported.
- 4.2** In committing to this engagement there are consequences to be considered in terms of finance, the approved Council new build housing programme, and site specific issues. Finance matters are considered in paragraph 5.1 below. The capability of procurement of Houses for Heroes within the formal Phase Two Council Housing Building Programme would require further investigations for tender compliance, and due diligence checks.
- 4.3** Although Houses for Heroes would ideally aim to have the houses built and occupied by the centenary of the organisation's first house completion in 2016, the current programme for the site, which includes demolition of Pentland House, could not be realistically completed until 2017.
- 4.4** The nature of the site, and the necessary particular specification of the Houses for Heroes houses, would mean that there would be a notable impact on both the capacity of the remainder of the site as well as the form and layout of the other housing to be built on the site.

5 Report Implications

5.1 Resource

Presently, there are a number of matters that would need to be addressed before a more definitive financial position could be

articulated. Accordingly, a next stage in the process would be to discuss in more detail with Houses for Heroes their business plan as part of an 'open book' discussion. In summary, there would need to be extensive discussion with Houses for Heroes to establish the funding arrangements so that the Council could make a properly informed decision on the financial consequences of supporting Houses for Heroes proposals at Penicuik.

The Scottish Government is supportive of homes being provided for ex service personnel and has generally agreed to allocate £35,000 grant funding per house. In Midlothian a development of some eight Houses for Heroes units would therefore attract a maximum Scottish Government grant of £280,000.

5.2 Risk

Unless the funding arrangements are fully assessed there is a risk that in meeting its commitment to Houses for Heroes there are unaccounted for additional financial burdens placed upon the Council, and potentially, Council tenants. Accordingly, it would be vital to have certainty that any actual development is implemented and project managed effectively, otherwise the Council could face potential reputational damage. There is also a risk that the build programme may not meet Houses for Heroes 2016 centenary target date.

5.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Adult health, care and housing
- Improving opportunities in Midlothian

5.4 Impact on Performance and Outcomes

Provision of this form of housing will demonstrate Council commitment to the Armed Forces Community Covenant, and meet local housing need.

5.5 Adopting a Preventative Approach

No specific matters.

5.6 Involving Communities and Other Stakeholder

No specific actions undertaken or required at this stage, other than internal consultation with Head of Housing and Community Safety, Head of Finance and Human Resources, and Head of Property and Facilities Management.

5.7 Ensuring Equalities

Providing accommodation of this nature ensures equality of opportunity and access to housing for ex-service personnel with disabilities.

5.8 Supporting Sustainable Development

No specific matters.

5.9 IT Issues

None.

6 Summary

- 6.1** Houses for Heroes, a long-established charity with a track record of providing housing to meet the needs of military personnel wounded or injured in service together with their immediate families, have approached the Council. The charity would like to engage with the Council in locating a site for about eight houses, ideally in the Penicuik area because of its proximity to the Garrison. A site identified is that of the Pentland House facility, due for closure/demolition and redevelopment for housing under the Council's Phase II Social Housing Programme. Due to the prospective arrangements sought by Houses for Heroes, there are financial and development implications which will need further examination before a firm commitment could be made by the Council.

7 Recommendation

- 7.1** It is recommended that Cabinet:
- i. agrees in principle to support Houses for Heroes in bringing forward land for development to accommodate housing for ex-military personnel wounded or injured in service;
 - ii. instructs that officers engage further with Houses for Heroes to establish the detailed financial terms of a prospective agreement;
 - iii. considers the suitability of the Pentland House site at Penicuik for such development, including any impact on the Council's Phase II social housing programme; and
 - iv. receives a further full report detailing these financial and development matters, to enable an informed decision to be made.

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Background Papers: 'An Armed Forces Community Covenant' (January 2012)