

Meeting: Cabinet

Date: 21 July 2026

Wards affected: Wards in Torquay

Report Title: Acquisition and redevelopment of Projects 4 and 5 of the Accommodation Repurposing Programme

When does the decision need to be implemented? 31 August 2026

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1. Purpose of Report

- 1.1. To seek Cabinet approval for the acquisition and linked redevelopment (known as “Package Deals”) for Projects 4 and 5 of the Accommodation Repurposing Programme (ARP), comprising land acquisition and construction contracts, subject to completion of: necessary due diligence, securing acceptable and viable planning consents, suitable allocations of Homes England grant funding, and appropriate Joint Contracts Tribunal (JCT) Design and Build construction Contracts.
- 1.2. Allocate £3,117,273 of required borrowing from the capital headroom agreed by Cabinet and Council in May 2025, to deliver the projects.
- 1.3. Endorse the proposed delivery routes.

2. Reason for Proposal and its benefits

- 2.1. This paper sets out a proposal for the acquisition and delivery of the next schemes within the ARP, a key commitment made by Cabinet and Council in May 2025 to kick-start our local construction sector and directly deliver a new generation of social housing to meet our local housing needs.
- 2.2. Following the completion of the Brampton House redevelopment, officers have sought to identify other, similar opportunities that can provide much-needed homes on brownfield sites. This has resulted in the identification of Projects 4 and 5 for the programme, both of which are located within Torquay.

- 2.3. The proposal is for the Council to partner with an experienced, local Small and Medium-sized Enterprise (SME) development and construction firm, utilising a linked land acquisition and JCT Build Contract (“Package Deal”) to convert two further former hotels into social housing. Significant feasibility work has been undertaken on both projects by the developer’s design team. Both have received in-principle support from pre-application enquiries from the Local Planning Authority (subject to final scheme design etc.).
- 2.4. Site 4 can be converted into 10 x 1-bedroom (2-person) flats; Site 5 can be converted into 19 x 1-bedroom (1 and 2-person), and 2-bedroom (3-person) flats. Both conversions will provide attractive communal outside spaces, and preserve two important, attractive Victorian-era properties that are part of the historic fabric of Torquay. All homes will be provided for social rent, for households with a genuine local connection to Torbay.
- 2.5. To fund the schemes, a combination of prudential borrowing (within the level that is supported by net rental income) will be utilised, along with a small allocation of existing capital funding (in part, to enhance the specification to make it suitable for the specific client group we are intending to support within the schemes). As the project will provide social housing, it will also be eligible for grant from the Homes England programme – this funding is essential for the purchase, and the scheme will not proceed if sufficient grant cannot be secured.

3. Recommendation(s) / Proposed Decision

3.1. That Cabinet:

- 1) Delegate to the Director of Regeneration, in consultation with the Director of Finance and the Cabinet Member for Housing and Finance, to acquire Sites 4 and 5 subject to:
 - (i) the developer securing planning consents that are acceptable to the Council for conversion and refurbishment of the two properties;
 - (ii) an acceptable level of Homes England grant;
 - (iii) satisfactory completion of all relevant due diligence, and
 - (iv) completion of an appropriate form of linked JCT Design & Build Contract for the sites (all as outlined in Exempt Appendices 1 and 2, respectively).
- 2) To approve an overall Total Scheme Cost for Site 4 of £2,138,948 and Site 5 of £4,192,434 (with Total Scheme Costs to include land purchase, build contract, internal/on-costs and project contingencies etc.).
- 3) Delegate to the Chief Executive, in consultation with the Director of Finance and the Director of Adult Social Care, to determine the future use of the sites and in doing so, to approve additional capital expenditure up to 15% of the overall scheme cost that provides adaptation or enhancement of the proposed scheme to facilitate the housing of a specific cohort of Adult Social Care Need in either site that will result in additional revenue savings to the Council.

Appendices

- (Exempt) Appendix 1 – Site 4 Business Case

- (Exempt) Appendix 2 – Site 5 Business Case
- (Exempt) Appendix 3 – Site 4 Valuation
- (Exempt) Appendix 4 – Site 5 Valuation

4. Introduction

- 4.1. The Accommodation Repurposing Programme (ARP) has been created to address the shortfall of new housing supply in Torbay, by seeking to repurpose vacant or unviable former hotels (and other brownfield land), to reduce the number of homes that have to be built on greenfield sites. Homes delivered through this programme are all built and delivered as social housing by the Council (at social rents), for households local to Torbay.
- 4.2. The ARP has revolutionised our ability to intervene in the housing market and has received national acclaim as an innovative way to increase the supply of new social housing in constrained towns, where viability is a challenge. Our first project, Brampton House resulted in the repurposing of the former Brampton Court Hotel in Torquay (“Site 1”) into 14 high quality flats for social rent, which completed in December 2025. The Council has acquired the former Seabury Hotel in Torquay (“Site 2”), for which a revised planning application has been submitted and will deliver 14-homes once construction is complete. A deal to acquire the former St. Boniface Church in Paignton (“Site 3”) has also been approved by Cabinet, with the land purchase expected to take place in Summer 2026, with start on site of construction in the Autumn 2026.
- 4.3. This paper proposes the acquisition and build of Sites 4 and 5 of the programme. Site 4 is a moderate building, most recently utilised as care facility, but previously having operated as a hotel (and originally as a large private house), which can be converted into 10 self-contained homes. Site 5 is a large, formerly successful hotel, which closed in 2024 following several years of financial decline and rising costs etc., which converts into 19 self-contained homes. Both sites have been offered to the Council for the ARP, by a local SME development and construction firm and can be brought forward quickly for redevelopment for social housing through land and build “package deals”. In this delivery mechanism, a developer will secure a development opportunity and - at their risk - will obtain the necessary consents required to deliver the project. The Council purchases the land from the developer and simultaneously enters into a JCT Design and Build contract to deliver the built scheme, following grant of an acceptable planning consent, securing an appropriate allocation of Homes England grant funding, and following satisfactory completion of all necessary Due Diligence for the project (in respect of the land purchase and the build contract). All homes will be provided as social housing and let through Devon HomeChoice to suitable and eligible applicants with a local connection to Torbay; homes will be constructed to modern building standards, with the intention of achieving a minimum Energy Performance Certificate rating of B, supported through use of low-carbon heating systems and the potential inclusion of renewable energy technologies. Homes will also meet Homes England requirements in respect of space standards, ensuring that the accommodation provides high-quality and living environments.
- 4.4. The sites are located within attractive, residential locations of Torquay. The developments include off-street parking, and landscaped communal gardens for the benefit of new

residents – and a fire suppression system to enhance resident safety (and protect the Council's long-term investment).

- 4.5. Torbay Council, as with most Local Authorities, is experiencing a period of heightened demand for Temporary Accommodation (TA) by households that find themselves in urgent need of housing assistance. Providing TA is expensive for any Council; without a consistent supply of new properties being delivered demand for support increases along with the Council's cost of providing such emergency assistance. In 2025, the Council trialled a new approach to both reduce the pressure on our TA stock and to reduce our associated revenue losses. The Council acquired two blocks of flats in Paignton and Torquay funded by borrowing and Homes England grant, to enable their use as social housing. All homes were let to households that had until that point, been living in council-provided TA, including some care experienced young people. This was successful: it reduced pressure on our limited TA stock and provided considerable beneficial outcomes for our vulnerable households (including families with children) in respect of the stability and safety they have received following grant of secure tenancies. Significantly, it also reduced our TA expenditure.
- 4.6. Our intention is to replicate the success from this trial at future sites. In respect of these sites, there are two options for their use. We could prioritise the occupation of all 29 new homes delivered through Sites 4 and 5 for other households being provided with emergency housing assistance through Council-provided TA. The revenue savings this generates for the Council are outlined in Exempt Appendices 1 and 2.
- 4.7. However, it may be possible for the Council to generate greater savings by allocating some of the homes to specialised cohorts who require specific care and support adaptations. As such, this paper proposes a specific delegation to the Chief Executive, to consider any such specialised cohort proposed by the Adult Social Care directorate, through production of a business case identifying why a different cohort might deliver enhanced outcomes. Where this is agreed by the Chief Executive, the delegation allows an uplift to the project budget to facilitate any enhanced construction specification, with an ability to vary the package of funding for delivery, accordingly.
- 4.8. Sites 4 and 5 will be built to the Council's specification. Delivery will be secured through separate JCT Design and Build Contracts (2024 edition), with an external Employer's Agent overseeing delivery on our behalf, as is standard with such forms of construction. This mirrors the model currently being used to deliver the St. Kilda's development, and that will be used for the St. Boniface Church scheme.
- 4.9. Overall, Schemes 4 and 5 represent an opportunity for the Council to bring forward high-quality, well-located residential developments that will increase the supply of affordable homes in Torbay and contribute positively to the Council's long-term housing delivery and revenue-savings' objectives.

5. Options under consideration

- 5.1. The Options below have been considered:

- 5.2. **Option 1** proposes proceeding with the acquisition and development of Site 4 only to provide 10 no. 1-bedroom flats. This would increase supply and help reduce TA demand but potentially misses an opportunity to deliver something more bespoke for a specialised cohort.
- 5.3. **Option 1a** proposes delivering Site 4 to a supported housing specification. The primary advantage being the delivery of high-quality, purpose-built accommodation designed to support independent living, while ensuring that appropriate support arrangements can be delivered where required. However, information is not currently available on how much of a revenue improvement this would lead to, which is currently a risk.
- 5.4. **Option 2** proposes the acquisition and delivery of Site 5 only; again, helping to improve the housing supply. In this instance, it is not anticipated that the Site 5 would be suitable for a supported housing scheme, and so the Option here is limited to providing social housing in the first instance to households currently living in TA provided by the Council.
- 5.5. **Option 3** proposes delivery of Site 4 in accordance with Option 1 and Site 5 in accordance with Option 2.
- 5.6. **Option 3a** proposes delivery of Site 4 in accordance with Option 1a and Site 5 in accordance with Option 2
- 5.7. **Option 4** would result in the Council walking away from both opportunities. The council would avoid the capital expenditure associated with the acquisition and conversion activity and would not assume the delivery risks associated with undertaking a construction project. However, this would also remove the opportunity to make a saving against TA costs (as a default) and mean we walk away from the opportunity to delivery homes for local households, with considerable funding from Homes England. Further, the properties may potentially remain vacant or underutilised for a prolonged period, which may lead to deterioration of the building and an increase in the risk of anti-social behaviour.
- 5.8. **Officers recommend proceeding with Option 3.** This will proactively address an identified need for homes and align with the ambitions within the emerging Torbay Local Plan in respect of increasing the amount of affordable housing delivered in Torbay. Redevelopment would improve the local environment and reduce the risk of the sites remaining vacant or becoming subject to deterioration or anti-social behaviour. In addition, the schemes would contribute positively towards the Council's housing delivery targets and strategic housing priorities by increasing supply. While the proposals require capital investment and the management of development risks, these are considered proportionate and manageable when balanced against the long-term benefits that the schemes provide.
- 5.9. For these reasons, Option 3 represents the most effective use of the sites and the most beneficial outcome for both the Council and the local community. It is therefore recommended that the Council proceeds with the acquisition of the sites and enters into the linked Land and Build contracts required.

6. Financial Opportunities and Implications

- 6.1. This report seeks approval to allocate £3,117,273 from the capital headroom allocated to the Accommodation Repurposing Programme in May 2025 and £72,007 from the residual capital grant for the Accommodation repurposing programme.
- 6.2. The financial benefits and disbenefits of the schemes are considered below:
- 6.3. Benefits:
 - 6.3.1. The delivery of the schemes can be funded by a mix of Homes England grant, internal housing subsidies, and borrowing (which is supported by rental income). As such, there will be no net impact to taxpayers.
 - 6.3.2. An allocation will be made from the gross rents received from individual tenants to pay for costs associated with housing management activities, responsive and planned maintenance, long-term refurbishment and to cover void risk etc. This results in a net rent position, which is used to service/pay down the borrowing required for delivery. As with all such schemes, this borrowing will be serviced over a 50 year period, at which point, the debt will have been cleared.
 - 6.3.3. Service charges are levied on top of the gross rent to cover aspects such as communal maintenance/management and fire suppression servicing etc.
 - 6.3.4. Redevelopment of these brownfield sites will create 29 additional homes that generate Council Tax income to support local services.
 - 6.3.5. Delivery allows us to reduce our use of expensive TA, therefore (over time) allowing the Council to review the need for the scale of TA stock it owns and operates directly.
 - 6.3.6. In the event of any major structural defect arising within the first 10 years of completion, the Council's investment will be protected by a suitable construction warranty.
 - 6.3.7. Subject to additional business case, there is an opportunity to use these schemes to meet the needs of specialist cohorts.
 - 6.3.8. As demonstrated by both the Brampton House and St. Kilda's projects, the overwhelming majority of our investment in these projects will end up being spent within the local area through employment of local trades etc., as well as wider investment in the local economy as people working on our sites spend their money within the local area.
- 6.4. Disbenefits:
 - 6.4.1. The Council will be taking the commercial risk of delivery as set out.
 - 6.4.2. The Council has an aspiration to enable a medium-term sale of any housing stock it purchases to a partner Registered Provider. It is possible that the Council may not be able to find a partner that is able to commercially acquire stock from us, in the future. In this circumstance, the Council would not be able to generate a disposal receipt,

which would necessitate the need for further borrowing to sustain the current growth ambitions.

6.4.3. There is a hypothetical (albeit, extremely unlikely) risk that we cannot find suitable tenants to occupy the new homes, leading to longer than anticipated void periods between lettings/at first letting.

6.4.4. The Council will need to make monthly payments during the construction period, which at times will require internal cash flowing as Homes England grant will be provided at three key stages of the development, being land acquisition, start on site and completion.

7. Legal Implications

- 7.1. The Council will be undertaking a land purchase and linked redevelopment. This is a specialist area of procurement, and the Council must assure itself that it is compliant with relevant legislation. This has been considered by the Commercial Team, through the business case process
- 7.2. Corporately, the Council will need to commit the relevant resources to secure the sites to keep members of the public safe.
- 7.3. The Council will also require specialist legal advice in respect of securing appropriate safeguards necessary through the JCT Design and Build Contract (2024 version).
- 7.4. In accepting any grant funding from Homes England, the Council will need to ensure it strictly adheres to the provisions of the relevant grant contract or conditions.
- 7.5. In the event that the conveyancing Due Diligence process identifies any relevant covenants or deed that benefit any third party, the Council need to strictly abide by such requirements/seek a release from the obligations etc.

8. Engagement and Consultation

- 8.1. As part of any normal planning process, nearby residents and neighbours are given chance to comment on proposals, including through any local engagement events/exhibitions etc. that may be required.
- 8.2. The Senior Responsible Officer (SRO) has briefed the Shadow Portfolio Holder for Housing and Finance.
- 8.3. The SRO has engaged with senior council officers throughout development of this proposal, and through the Housing Capital Programme Board process and via the Operational Review Board for the Capital Growth Board. Support has been received to proceed.
- 8.4. The SRO will liaise with the Council's in-house housing management team prior to the Cabinet meeting.
- 8.5. The SRO will liaise with the Housing Options service ahead of Cabinet.

- 8.6. The SRO has liaised with Adult Services in developing this proposal.
- 8.7. The SRO has engaged with Homes England representatives in developing this proposal. Homes England are broadly supportive but are unable to confirm outright support until they scrutinise any forthcoming grant bid and financial appraisal.
- 8.8. The SRO has liaised with Planning Policy colleagues to ensure no fundamental conflict in respect of an attempt to create a more efficient use of the existing number of homes already consented.

9. Procurement Implications

- 9.1 Property transactions, such as land and residential property acquisitions, are exempt from the Public Contracts Regulations 2015. However, the Council will still comply with its own internal Contract Procedure Rules and will be required to demonstrate best value in line with the Local Government Act 1999. This includes:
- Evidence that the acquisition represents value for money;
 - A clear and transparent decision-making process;
 - Appropriate financial and legal due diligence.
- 9.2 It should be noted that the Council has obtained Red Book valuations to support the purchase prices agreed.
- 9.3 The Council will appoint an independent Employer's Agent to act for us, in respect of administration of the JCT Design and Build Contract (2024 version). This will ensure we have relevant market knowledge, experience of social housing contract administration through a JCT, and capacity to work within the required timescales. The appointment of such a firm not only ensures a compliant and well-managed contract and supports the delivery of a value-for-money project in line with the Council's legal and procurement responsibilities.

10. Protecting our naturally inspiring Bay and tackling Climate Change

- 10.1. The redevelopment of these brownfield sites helps prevent greenfield sites being required to deliver housing growth. It also helps make better use of land and achieves our ambitions for intensifying growth within our urban centres on sites where the existing use is no longer viable.
- 10.2. The new homes are expected to be heated by air source heat pump/other forms of low carbon heating, meaning that fossil fuels will not be required for space or water heating.

11. Associated Risks

- 11.1. There are risks associated with any commercial activity. The risks associated with this scheme are described throughout this paper.

12. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age	18% of Torbay residents are aged under 18 years old. 55% of Torbay residents are aged between 18 to 64 years old. 27% of Torbay residents are aged 65 and older.	These projects are likely to provide a benefit to all age groups. Potential perception that housing supply is not addressing wider demographic needs. The flats would be let to occupants who are suitable to sustain a tenancy in the property. Considerations would be paid to accessibility requirements, support needs and suitability of location.	The project is aimed at local people with a social housing need. The wider housing delivery programme includes scheme delivering family housing and accommodation for older residents. Homes have been designed with flexibility in mind to ensure apartments remain accessible for ageing residents where possible.	Strategic Housing

Carers	- At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these carers provided 50 hours or more of care.	The scheme may have positive impacts for unpaid carers, including family members currently supporting older adults by: - Supporting transition into independent living while maintaining proximity to family networks. - Allowing support providers to remain involved without providing full-time care.	A mix of homes will be provided, including homes for single people/couples, as well as family-sized homes that ensure those with familial caring arrangements could be supported.	Adult Services.
Care experienced	As of January 2026, there were 277 former care experienced young people aged 18-24 in Torbay.	Young people leaving care may benefit if assessed as suitable.	Allocation processes will prioritise individuals with the greatest housing need. Continued development of other supported housing options across Torbay.	Strategic Housing, Children's Services and Housing Management.
Disability	In the 2021 Census, 23.9% of Torbay residents answered that their day-to-day activities were limited a little or a lot by a physical or mental health condition or illness.	Schemes 4 has the option to install a lift; Scheme 5 will definitely include a lift, meaning that there may be potential for households with limited mobility to benefit from a home within these schemes. Ground floor units – wherever	Design features such as accessible layouts, independent apartments and high-specification gardens will attribute to positive living experiences and	Adult Services and Strategic Housing.

		possible – are provided to M(4)(3) specification. If Cabinet subsequently approves occupation by a specialist ASC cohort, a further equality review will be undertaken to assess any additional accessibility, support, safeguarding and inclusion requirements.	independence for residents. Detailed design will consider the needs of residents with mobility, sensory and cognitive needs. Reasonable adjustments will be considered through allocation and management processes.	
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community answered that their gender identity was not the same as their sex registered at birth.	No direct differential impact has been identified due to being private dwellings.	Not applicable	Not applicable
Marriage and civil partnership	Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.	Homes will be accessible by households that are single, married/in a civil partnership, or co-habiting, subject to meeting occupancy requirements.	Not applicable	Not applicable
Pregnancy and maternity	Between 2013 and 2024, the rate of live births (as a proportion of females aged 15 to 44) has	This scheme provides a supply of 1- and 2-bedroom homes; the latter of	Not applicable	Not applicable.

	been slightly but significantly higher in Torbay (average of 56.0 per 1,000) than the Southwest (53.4) and broadly in line with England (56.3). For the period 2022 to 2024, rates in Torbay (44.6) have been significantly below England (50.0).	which are suitable for families that include children.		
Race	In the 2021 Census, 96.1% of Torbay residents described their ethnicity as the following: 1.6% as Asian, Asian British or Asian Welsh 0.3% as Black, Black British, Black Welsh, Caribbean or African 1.5% as being of Mixed or Multiple ethnic groups 96.1% as White 0.4% described their ethnicity another way. - Black, Asian and minoritised ethnic communities are more likely to live in areas of Torbay classified as being amongst the	The scheme will be allocated through the housing register ensuring equal access regardless of race or ethnicity.	Monitoring allocations to ensure equitable access. Culturally appropriate support will be provided where required.	Housing Management.

	20% most deprived areas in England.			
Religion and belief	The 2021 Census showed that the residents in Torbay identify their religion and/or belief as the following; • 48.5% are Christian • 0.4% are Buddhist • 0.2% are Hindu • 0.6% are Muslim • Less than 0.1% are Sikh • 0.1% are Jewish • 0.7% have another religion • 43.2% have no religion • 6.3% did not answer	No significant adverse impacts identified.	Residents will be supported to practice their religion or beliefs.	Not Applicable.
Sex	• 51.3% of Torbay's population are female. • 48.7% of Torbay's population are male.	The scheme will be available to people of all genders.	The allocation process will ensure fairness and equality throughout. Safety and safeguarding considerations will be incorporated into management arrangements.	Housing Management
Sexual orientation	In the 2021 Census, residents described their sexuality as follows;	No direct adverse impacts identified.	Tenancy and support services will promote	Housing Management

	• 89% as Straight or Heterosexual • 1.7% as Gay or Lesbian • 1.1% as Bisexual • 0.1% as Pansexual • 0.1% described their sexuality another way • 7.4% of people didn't answer the question		inclusive environments free from discrimination.	
Armed Forces Community	According to the 2021 Census 5.9% of Torbay's population identified as a veteran.	Whilst there is specific provision in law regarding veterans and other members of the Armed Forces Community, this scheme will be allocated through the housing register ensuring legal compliance and equity.	Monitoring allocations to ensure equitable access.	Housing Management
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)	• Torbay is ranked as the 39th most deprived upper tier local authority in England in the Index of Multiple Deprivation 2025.	Torbay has experienced increasing cost-of-living pressures, including rising energy costs, rent levels, and general living expenses. The scheme provides secure and affordable accommodation for residents who may otherwise struggle to access suitable housing in the private rental market.	The wider housing delivery programme includes developments providing homes for families and general needs housing. Affordable housing delivery will help address broader	Strategic Housing

			housing pressures affecting low-income housing.	
Public Health impacts (Including impacts on the general health of the population of Torbay)	For the five-year period 2020 to 2024, data shows there is a 6-year life expectancy gap between males who live in Torbay's least and most deprived areas and, a 3-year gap for females.	The scheme is expected to deliver significant positive public health benefits such as: - Improved mental wellbeing through secure housing. - Reduced social isolation through independent living within the community. - Improved health outcomes through stable housing and access to support. Secure housing is widely recognised as a key determinant of health, particularly for individuals with disabilities who may otherwise experience housing instability.	Not applicable.	Not applicable
Human Rights impacts		The scheme supports several key rights under the Human Rights Act, particularly: The right to respect for private and family life.	Not applicable.	Not applicable

		- The right to live independently and participate in the community.		
Child Friendly		Scheme 4 is for singles/couples only; Scheme 5 includes a mix of units that are suitable for singles/couples, and small families with children.	Balanced housing delivery across Torbay to meet the needs of different household types, including families. The scheme provides secure, settled accommodation which can improve educational attendance, health and wellbeing outcomes for children currently living in temporary accommodation.	Strategic Housing

13. Cumulative Council Impact

- 13.1. An increase to the Council's portfolio of social housing, which requires ongoing management etc. However, this has been accounted for within the Second Stage financial case for the project and programme, with suitable allowances made to ensure the long-term, appropriate management and maintenance of our housing stock.

14. Cumulative Community Impacts

- 14.1. An increase in the provision of affordable housing, accessible to local people, providing a considerable benefit.