

**Report to the Deputy Leader of the County Council and Cabinet Member for Adult and Community Services**

**Report submitted by: Executive Director of Adult Services, Health and Wellbeing**

**Date: 10 September and 16 September 2014**

**Part I**

Electoral Divisions affected:  
All

**Extra Care and Specialist Housing Strategy**

(Appendices 'A' – 'C' refer)

Contact for further information:

Sarah McCarthy, 01772 530551, Adult Services Health and Well Being Directorate  
[sarah.mcCarthy@Lancashire.gov.uk](mailto:sarah.mcCarthy@Lancashire.gov.uk)

**Executive Summary**

An Extra Care and Specialist Housing Strategy has been developed with the aim of providing clear strategic direction for the development of extra care and specialist supported housing for vulnerable groups across Lancashire. Extra Care housing aims to provide a home for life through:

- ensuring that the design of the building can meet the needs of people with increasing care and support requirements
- the provision of a basic level of on-site domiciliary care which will be available to all residents 24 hours per day.

The Strategy is being developed to address the low level of current provision and seeks to outline the benefits of extra care, identifies levels of need, summarises the commissioning context and explores the commercial and financial options.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

**Recommendation**

The Deputy Leader of the County Council and the Cabinet Member for Adult and Community Services are recommended:

- i. to approve the Extra Care and Specialist Housing Strategy as set out at Appendix A;

- ii. to approve the strategy for financing the delivery of the first stage of this strategy set out in this report, and authorise the County Treasurer in consultation with the Executive Director for Adult Services Health and Well Being to amend the Capital Programme spend profile accordingly.

## **Background and Advice**

Like the rest of the UK Lancashire faces the problems of meeting the needs of an ageing population. There is significant evidence available that supports the proposition that various forms of specialist housing can provide both enhanced quality of life and reduce the level of demand for social care services from older people. Currently there is very little provision of these types of alternatives to residential care in the County, and the availability of this type of provision could contribute significantly to the Council's overall strategy of maintaining a greater proportion of older people in their own homes. In order to progress work in this area the County Council commissioned, through the Lancashire Property Regeneration Property Partnership, Carillion and CBRE to develop an Extra Care and Specialist Housing Strategy.

The key messages from the Strategy, which is attached at Appendix A, are outlined below:

## **New Developments**

The Regenda Group and Community Gateway have recently been advised that their bids to the Homes and Communities Agency for capital funding to develop extra care schemes in Wyre and Preston have been successful. The County Council has supported both bids. In addition, bids submitted by Community Gateway and Adactus for accommodation for people with mental health issues have also been successful.

## **Benefits of Extra Care**

The County Council believes that investing in extra care facilities is the right thing to do, will help deliver better outcomes and will be a more cost effective solution for LCC and their partners in the medium and longer term.

Whilst nationally hard evidence of the financial benefits of investment in extra care is limited, evidence of successful schemes, improved outcomes and positive experiences of service users is more abundant. The design of the building promotes greater independence and the provision of extra care may reduce demand for Disabled Facilities Grants

The identification of potential savings to LCC which could be delivered through investing in extra care complements a range of other compelling reasons which support the investment in extra care such as financial and wider benefits to the health economy, better outcomes for residents and a positive contribution to place making.

## **Estimation of Level of Need**

Through the development of this strategy we have identified an estimate of an immediate need for an additional 988 units of extra care for older people across the county against a current provision of around 350. This level of provision could enable Lancashire to reduce its current reliance of residential care. A more ambitious target of around 2,600 units has been identified which is predicted to grow to 3,725 by 2033 along with a growth in demand for all types of accommodation for older people.

There is a tendency in Lancashire to overuse residential care (compensated in part through an element of apparent under use of nursing care) and hence the lower estimate for the demand for extra care is based on reducing the use of residential care.

In relation to people with learning disabilities, there is significant demand to now move to greater personalisation and provide individual flats in clusters (where appropriate) which can offer significant service benefits, reduce safe-guarding alerts and reduce the costs of providing a sleep in service as it is typically shared by a greater number of people. In many cases this model need not require any capital investment by the commissioning authority and should be promoted by LCC.

LCC and Health colleagues are currently developing a mental health whole system accommodation model which will reduce the number of people entering into residential care by providing an increase in the extra care/supported accommodation offer. This will be enabled through the development of the support provider market under the personalisation agenda together with a specialist team of staff whose role will be to manage placements and support people obtaining their optimum level of independence.

The needs of the black and minority ethnic (“BME”) population also need careful consideration particularly given the significant increase expected in the number of older people within the BME population. We identify that the BME population cannot be viewed as a homogenous group and that the different characteristics are exhibited by different elements of the population. Whilst the BME population exhibits a younger demographic profile than the White British population, that is set to change with a twelve fold increase in the over 65 BME population expected by 2051. Therefore whilst the needs of older people in the BME population may not be particularly apparent at present due to their lower numbers, this will change and hence service delivery will need to recognise this change accordingly if it is to remain effective.

## **Commissioning Context**

There are sites available that would be suitable for extra care and there are no insurmountable barriers from a town planning perspective to delivering a step change in extra care provision.

There are willing operators and providers although many have constraints on their ability to raise capital to invest at risk in the development of the extra care market.

Any programme for investment in extra care however, can only deliver to its potential with strong partnership working between County Council, District Council, NHS

Clinical Commissioning Groups and providers and operators. With the integration of health and social care moving forward and housing provision sitting with district councils, strong partnerships will deliver the best financial benefits and best outcomes for all of the organisations concerned, for our older people and vulnerable adults.

There is potential to co-locate other appropriate services within extra care developments such as GP surgeries or other public services. However, it is important to note that additional space requires additional capital costs and hence associated additional revenue streams to meet the financing of that capital. The ability of well designed extra care facilities to contribute towards regeneration and “place” should not be under-estimated and there is strong evidence to support highly positive contributions of such schemes in this

### **Commercial & Financing Options**

Given the scale of the challenge in Lancashire, it is clear that whilst Central Government funding programmes (typically administered through the Homes & Communities Agency) can make a contribution, other local interventions are needed to facilitate transformational change to the offer in Lancashire. Only through collaboration and with a sharing of effort, resources, investment and risk between LCC, the Districts, providers and CCG’s is this change likely to be effected. However, that is not to say that there are not some locations where an entirely market driven solution in terms of the provision of the relevant assets will not be a viable option.

### **Recommendations**

LCC wish to pursue the delivery of at least one extra care scheme for older people in each district of the County. Given that facilities already exist in Rossendale and West Lancashire this gives an initial requirement for 10 centres. It should be noted that it will ultimately be appropriate to consider more than one scheme in many districts as local communities and housing markets often don’t recognise or coincide with district boundaries, but a scheme per district is considered a reasonable starting point.

There is a compelling case for investment in extra care by LCC, but it is recognised that borrowing of large amounts of funding represents a risk and requires the raising of significant capital ahead of the realisation of the linked revenue savings. The investment case therefore requires robust testing. Consequently, LCC is seeking to adopt an approach which is flexible and able to respond to differing and changing funding and support requirements, enabling LCC to increase or reduce its exposure according to what can be achieved with other partners including health, developers and registered housing providers.

Where the market is not able to develop services without financial assistance from LCC, the County Council will look to provide financial input to schemes, including any land value, not representing more than 30% of the total cost of a project. However, in most cases the contribution of LCC would be expected to be significantly less. It is envisaged that joint working between all partners could enable the development of around 600 units which represents two thirds of the original target of 900 units.

The approach identified above will enable LCC to manage its risk and exposure in the early stages of the programme until such time as the benefits can be further assessed and proven. Thereafter it may look to raising capital through other means to support the on-going development of extra care solutions.

## **Consultation**

The draft Strategy has been circulated to District Councils, Clinical Commissioning Groups, landlord, and care and support providers. We intend to consult with citizens via the Older People's forums over the coming months.

The feedback to the Strategy has, in the most part, been positive, with the exception of feedback from one provider of services to people with learning disabilities who does not support the proposals in relation to small (up to 12 unit) flat-let extra care schemes for people with learning disabilities. The consultation feedback has been collated along with our response (Appendix B)

The following are the key amendments to the Strategy:

- Changes to local information detailed in the District appendices;
- Correction to the sleep-in costs within schemes for people with learning disabilities;
- Amendments to comments regarding land ownership of registered providers;
- Amendments to state that 'Extra Care is a housing solution, to health and social care issues' (not just a social care issue);
- Reference to development of local plans has been included within section on planning;
- Strategy has been updated to include reference to successful bids to Homes and Communities Agency;

The feedback will also inform the action planning and implementation process.

## **Implications:**

This item has the following implications, as indicated:

### **Risk management**

No significant risks have been identified in relation to the proposals contained within this report.

### **Equality**

The Equality Analysis is attached at Appendix C

### **Legal**

There are a number of potential legal issues that stem from the strategy set out in this report. These could arise as a result of the need to procure part of a deal if the private sector is involved or to transfer ownership in land or address how the

authority will secure nomination rights in relation to particular schemes. These will be addressed on a scheme by scheme basis.

## Financial

As indicated above the proposal is that the County Council provide support for the development of Extra Care Housing schemes of two types:

1. The making available of sites for development, at either nil, or nominal value, subject to compliance with the terms of the General Disposal Consent.
2. Capital Grants.

Either or both would be available to any scheme but in total support from the County Council should equate to no more than 30% of the total development cost. In addition to this the County Council will be responsible together with individual service users for the costs of care provided within these facilities.

If the County Council were to borrow from the Public Works Loans Board to finance the development of the initial requirement identified of 968 units using one of the models identified by CBRE the cost would be c.£7m, which would significantly dilute the potential savings available. It would also necessitate meeting the costs of borrowing before the savings which arise from a gradual process of delaying or not admitting to residential care are delivered. This would in effect create a "hump" in costs which given the overall savings requirements facing the Council is undesirable,

Given this an alternative strategy is proposed, which, given the 30% grant rate above, will make available, when the potential of including the value of the Council's land assets is added in, should provide sufficient resources to ensure the provision of one centre in each of the 10 districts currently without one. A development programme on this scale, which demonstrates the County Council's commitment to this model of service delivery is likely to create confidence in the market and may lead to independent development in some areas where such schemes are economically viable. A programme on this scale will take some time to deliver and this time can be used both to ensure that the programme has the required impact on the revenue budget and also to identify resources to support the delivery of further facilities.

It is proposed to finance this programme using a combination of resources already included within the Capital Programme, but not committed and other resources, as shown in the table below:

	£m
Already included in the Capital Programme	
2013/14 DH Capital Grant allocated for Extra Care	2.967
Resources allocated as a 2013/14 start for a Dementia Care Centre, subsequently identified as undeliverable	5.000
	<b>7.967</b>

Other Resources (subject to approval)	
2014/15 DH Capital Grant yet to be allocated	3.000
2015/16 DH Capital Grant within the Better Care Fund yet to be allocated	3.073
ASHW Earmarked Reserves	4.000
	<b>10.073</b>
<b>Total</b>	<b>18.040</b>

The 2013/14 DH Capital Grant has already been allocated for Extra Care Schemes. Two Registered Providers (Regenda and Community Gateway) have recently been advised that their bids to the Homes and Communities Agency have been successful. The County Council has provided an in principle agreement to provide a capital contribution and will be negotiating exact amounts over the coming months.

Given that extra care is the single largest capital development priority within Adult Social Care it would seem a sensible approach to allocate future known resources of this type to the same programme, although the allocation of the 2015/16 grant which will form part of the Better Care Fund will also require the approval of the Health and Well Being Board.

The other resources identified are held within earmarked reserves. The first relates to the allocation originally made for a specialist dementia centre at Bowgreave Rise, which it has previously been identified was not deliverable within the resources allocated. Reallocating these resources to the Extra Care programme will ensure that the resources are not lost to this client group and is more likely to result in schemes that will be delivered.

The final sum is an amount held within the Adult Services Health and Well Being Directorate's earmarked reserves as part of the resources identified by the Directorate to support the delivery of changes in the pattern of provision.

This approach to financing a significant programme of investment de-risks the situation for the County Council in two ways

- By offering a fixed cost capital grant scheme the Council is not exposed to the risks that exist around building costs etc, and also is not acquiring expensive assets which create an ongoing maintenance burden;
- By utilising resources other than borrowing the Council is de-risking the delivery of savings as there will be no financing charges representing a first call on the delivery of savings.

This approach would seem to achieve the objectives set out in the strategy at Appendix A in a much simpler way and with less financial risk exposure than the various options set out in the strategy.

## List of Background Papers

Paper	Date	Contact/Directorate/Tel
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Nil

Reason for inclusion in Part II, if appropriate

N/A