



## Adults and Health Select Committee

4 April 2018

### Accommodation with Care and Support for Older People

#### Purpose of report:

To update the Adults and Health Select Committee on progress made by the Accommodation with Care and Support programme with particular focus on the following:

- identifying a provider to deliver phase 1 of Strategic Extra Care (Design, Build, Finance and Operate five new Extra Care facilities across Surrey); and
- identifying a provider to Design, Build, Finance and Operate a residential, dementia & nursing facility in North West Surrey.

#### Introduction and context

1. The Accommodation with Care and Support Strategy was approved by Cabinet in December 2015 (Annex 1), demonstrating a clear 10 year commitment to the direction of travel for accommodation-based services.
2. Surrey residents are choosing accommodation suitable for the longer term and their future care needs with an increase in people being supported to live independently. The predicted trend for accommodation needs in Surrey shows a declining demand for residential care with a growing popularity in Extra Care type accommodation. However, we also know that the population of Surrey is growing, people are living longer and living with more complex needs so, despite the trend towards more independent living, Surrey County Council (SCC) is also expecting to see a growth in demand for dementia specialist residential and nursing care.
3. The Accommodation with Care and Support Programme aims to increase the options available for residents needing accommodation with care and support by integrating our approach across health, care and the community, as well as by re-shaping the market to ensure everyone has access to the right support regardless of tenure. In undertaking this work SCC has engaged with all Clinical Commissioning Groups (CCGs) in Surrey who have been integral to the commissioning process.
4. Through the programme the Council is looking to develop local partnerships and opportunities for a range of flexible and financially self-sustaining accommodation with care and support that will enable adults to live and age well.

## **Extra Care**

5. Extra Care housing is an option of accommodation for older people which can offer a choice of independent living in a community setting with care and support services delivered according to individual need. It offers a way for people to continue to live as independently as possible when their care and support needs increase without the need to move into more institutionalised forms of accommodation.
6. People have their own front doors and legal rights to occupy. There is a clear distinction between Extra Care housing and residential care as recognised by the Care Quality Commission (CQC).
7. The Council recognises that Extra Care housing is a valuable housing option and represents a positive choice for people whose needs are not being met within standard accommodation.
8. Extra Care housing can offer security, reassurance and appropriate and responsive support to facilitate the provision of home based care services. This style of accommodation can assist more vulnerable adults to live within their local community for their whole lives.
9. There are 10 Adult Social Care commissioned Extra Care housing schemes in Surrey which are provided by either registered housing associations or local housing authorities and offer affordable accommodation with care and support to older people.
10. For six of these, care is commissioned by SCC and provided by external care providers, four schemes are operated in house with SCC staff providing the care.
11. Work has recently been undertaken by the Council to ensure the sustainability of six of these schemes.
12. The care and support services for three of the six schemes are currently being re-procured for 24 hours per day, seven days a week care and support to enable the continued provision of these statutory services.
13. The remaining three externally commissioned schemes were remodelled in 2015/16 into a Core (Home Based Care day services) and Flexi (overnight emergency hours) model. These schemes are currently under review.
14. Extra Care schemes have provided a strong evidence base to support the proof of concept and resident feedback is positive on their experience. There is also

evidence to support the whole system benefits in terms of reducing hospital admissions, quicker discharge and increased community support.

15. Based on the current profile of needs, at least 1 in 4 of the residents SCC supports in Residential Care, but possibly as many as 1 in 3, could have their needs met within an Extra Care setting delivering an average saving per person of £4,600 per annum when considering the cost of care to SCC. There is an opportunity cost to the offer of the Council's land and this has been taken into account in evaluating the suitability of each site and will be considered once details of providers' commercial offers are known.

16. In Surrey, the Council does not currently have enough capacity of Extra Care facilities to offer choice to individuals. SCC wants to work with and stimulate the market to develop the capacity needed to enable a 10% shift away from traditional residential care services with the option to increase this percentage in the future.

#### **Future Provision of Extra Care Services**

17. Based on this evidence, outlined in detail at Annex 4, the Council has decided to act in order to stimulate the market to increase the number of Extra Care schemes.

18. Based on population predictions made in 2016, and current provision in Surrey, the capacity of Extra Care will be seven units per 1000 people aged 75+ by 2025. By comparison the current UK average is 11 (source: Housing LIN data).

19. The strategic vision is to stimulate the market to deliver an additional 600 Extra Care apartments across the county by 2025. This would give Surrey a ratio of 10 / 1,000 people aged 75+ in 2025.

20. The Council's intention is for the availability of high quality, affordable Extra Care housing to increase significantly by 2025 with a view to expanding on this increase further pending further review and evaluation.

21. Market testing identified four main barriers to expanding Extra Care in Surrey:

- Concerns about revenue funding
- Navigating the planning process
- Securing development capital
- Availability of suitable land

22. The Design, Build, Finance and Operate Model (DBFO) has been chosen as an appropriate lever to alleviate these barriers. Potential providers are offered Council-owned land on a leasehold basis to design, construct and finance the schemes and the Council will support the planning application for this.
23. In consideration for the capital funding of the construction, the provider will operate the schemes both through the delivery of a long-term care contract (and secure revenue funding from the Council) and by marketing a proportion of the units to self-funders.
24. As such, Phase 1 of the Strategic Extra Care project involves identifying a provider to deliver the Care Services contracts via a DBFO model for the redevelopment of up to five pieces of SCC-owned sites to deliver new Extra Care schemes.
25. As outlined in the 2016 Cabinet paper (Annex 4), sites with the potential to be repurposed for Extra Care were identified based on the following criteria:
- The relationship of a scheme to the local community in which it is to be located
  - Level access to the scheme and surrounding facilities
  - Proximity to retail/GP/leisure facilities/places of worship
  - Links to existing services for older people
  - Proximity to other older people's accommodation
  - Easy access to GP/primary care and other community health services
  - Planning requirements constraints
  - Low crime/low risk neighbourhood
  - Easy access to local transport services
  - Potential market for mixed tenure
26. SCC outlined its key principles of commissioning to the market in respect of Council-owned sites. The main themes are as follows:
- The Council will retain the freehold of all sites being put forward for development.
  - The Council will offer a Lease Agreement in respect of the sites offered
  - The Lease Agreement will be offered at an initial peppercorn rent period. Upon expiry of this period there will be a rent review mechanism
  - The Council expects to secure Nominations Rights to those units within any new Extra Care scheme that are classified as 'accessible' for the duration of the lease agreement
  - The Council will offer a contract for domiciliary care services within the Extra Care scheme

- The Council expects providers to structure their care and support arrangements for each new Extra Care scheme to meet the following mix of needs:
  - 20% Low Needs (Average of 3.75 hours per week)
  - 30% Medium Needs (Average of 10 hours per week)
  - 45% High Needs (Average of 15 hours per week)
  - 5% Very High Needs (Average of 30+ hours per week)

27. Providers must show how they will operate Extra Care schemes that are affordable and accessible to individuals with care and support needs that are on low income and eligible for support with their accommodation costs, including operating sustainable models in the current period of welfare reform.

28. The sites offered to the market on this basis are:

- 28.1 Pinehurst Resource Centre, Camberley
- 28.2 Bagshot Depot and Archaeology Centre, Bagshot
- 28.4 Colebrook, Redhill
- 28.5 Former Pond Meadow School, Guildford
- 28.6 Land at Ten Acre Walk, Farnham

29. The Council will procure the provider under the Light Touch Regime. Due to the complexity of the requirement, the Council has designed a process that incorporates some features of the Competitive Procedure with Negotiation.

30. Following officer evaluations at the selection stage of the tender, four providers have surpassed the minimum quality threshold set by the Council. Following an in-depth discussion and moderation of the selection stage, the panel has decided to shortlist three providers to submit an initial tender response.

31. A negotiation stage will be entered into with providers if required (process outlined at paragraph 46)

32. Once the Council is in a position to determine a successful bidder, the identified provider will be required to concurrently progress all schemes awarded as soon as they are appointed.

33. Due to site specific conditions and differing sizes of homes at each location, completion of each scheme will be staggered but it is expected that all homes should be complete and operational approximately three years following contract award.

## **Brockhurst – residential, dementia nursing facility**

34. Brockhurst in Ottershaw is a former Older People's in-house home.
35. SCC's Cabinet agreed to close the six Older People's In House Homes in March 2015.
36. Optimum occupancy was not readily achieved in any of the care homes due to the building limitations which contributed to low occupancy and higher staffing levels. This made the continued delivery of services unsustainable. Brockhurst Care Home in Ottershaw was closed in December 2015.
37. At the time of the Cabinet decision, it was recommended that each of the assets should be carefully assessed and evaluated for potential future use to meet the needs of Adult Social Care.
38. The 2016 Joint Integrated Commissioning Statements set out the current and projected demand for residential, nursing and Extra Care provision across the county. The North West Surrey Commissioning statement (Annex 3) identifies a shortfall in provision of local authority funded and private funded beds until 2025.
39. Analysis of the Brockhurst site shows that it is suitable for residential care provision based on size and accessibility and the location is in line with the commissioning need.
40. The Council began a procurement exercise, in close consultation with North West Surrey CCG, who co-designed the specification to identify a provider to develop a residential, dementia nursing home on this site via a Design, Build, Finance and Operate model.
41. Integral to the specification was the requirement for the providers to demonstrate how they will work within an integrated health and social care system – to relieve pressure on A&E departments by facilitating timely and safe discharges and ensuring a joined up assessment and admissions process. Part of this expectation includes the ability of the providers to work flexibly with us as we work together to meet growing demand.
42. At the first stage of the process, three providers were judged to have achieved the minimum quality threshold desired by the Council and were invited to submit a tender.

43. Two providers submitted a tender response and, following moderation, the Council shortlisted both providers for progression to the negotiation stage which is currently in progress.
44. Potential providers expressed interest in the opportunity by completing a selection questionnaire which evaluated good business standing, economic and financial standing and previous experience of both care delivery and construction. Upon evaluation, bidders were shortlisted to Invitation to Tender Stage whereby they were expected to submit Initial Tenders against the Council's indicative document set.
45. Price comprised 35% of the Initial Tender evaluation while Quality (including the response to qualitative questionnaires, mark up of lease documentation and social value) was allocated 65% of the score. The Council reserved the right to negotiate with bidders to enable: the Initial Tender submissions to be improved and refined by bidders and; bidders to provide necessary feedback on the Council's tender documentation to enable bids to be optimised, for incorporation of amendments and clarifications for the next stage of the tender.
46. Negotiation sessions are thematic (including legal, service delivery, finance and property issues) but discussions are cross-cutting due to the complexity of the project. They enable both parties to improve their understanding of the offer to the market and capabilities of the bidders prior to Invitation to Submit Final Tender Stage. Upon the submission of Final Tenders a fresh evaluation will be completed.

<b>Demand Management:</b>
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### **Extra Care**

47. Extra Care accommodation provides residents with an option to continue to live independently in a setting that provides communal facilities on site. There is strong firm, validated evidence that this leads to better outcomes for residents and delivers benefits to the whole health and social care system including significant financial savings.
48. The average cost of care is reduced compared to other alternative models of care. Compared to Home Based Care, providers are able to take advantage of savings on travel between appointments leading to a reduction in the cost of care per hour and savings are also delivered because residents, on average, require around 20% fewer hours of care for the same assessed needs.

## **Brockhurst – residential, nursing dementia facility**

49. This project is predominately about meeting demand that is growing and ensuring that SCC has good quality, affordable provision.
50. As outlined in the integrated commissioning statement (Annex 3), demographic growth means that a likely 124 additional nursing beds will be needed in the North West Surrey area by 2025 to support SCC demand. For the rest of the market, an additional 343 beds are likely to be required for a total of 467 new nursing beds which will maintain the current ratio of 47 beds per 1000 people aged over 75.
51. For residential beds, the commissioning statement for this area recommends shaping the market to deliver 67 additional beds for SCC and 244 beds for self-funders by 2025.
52. The construction of a new care home on the former Brockhurst site will be one step in delivering this extra capacity required. If the project goes ahead, the home will deliver somewhere between 60-80 beds in the North West area split between nursing and residential dementia care. The Council is tendering for a provider to build a care home on the site and as part of this will be commissioning a block contract for a certain number beds (at least half) in the home. The land will be leased to the provider at a peppercorn rent on the basis that the block contract bed rates offer savings to the Council when compared to the cost of purchasing the beds elsewhere in the market that offset the opportunity cost of not selling the land for a capital receipt. If successful the project will therefore both support Surrey residents in delivering much needed additional capacity for nursing and residential care, while at the same time representing best use of the Council's very stretched financial resources.

### **Conclusions:**

53. The projects described above outline the Council's commitment to work with partners to plan for the right types of accommodation for Surrey residents, in appropriate locations, whilst also maximising value for money.

### **Recommendations:**

It is recommended that the Adults and Health Select Committee support the award by Cabinet of:

- i. the provider(s) identified to deliver Phase 1 of Strategic Extra Care;

- ii. the provider identified to deliver the residential dementia & nursing facility in Brockhurst, North West Surrey

<b>Next steps:</b>
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54. Cabinet award the contracts outlined above, in line with the outcomes of the Accommodation with Care and Support Strategy.

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**Annexes:**

Annex 1 - Cabinet 15 December 2015 item 15 – Accommodation with Care and Support

Annex 2 – AwCS Commissioning Statement (Older People) Executive Summary

Annex 3 – AwCS Commissioning Statement – NW Surrey

Annex 4 – Cabinet 13 December 2016 item 7 – Accommodation with Care and Support – Extra Care

Annex 5 – Glossary of terms

**List of Acronyms:**

CCG – Clinical Commissioning Group

CQC – Care Quality Commission

DBFO - Design, Build, Finance and Operate

SCC – Surrey County Council

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