

SURREY COUNTY COUNCIL**CABINET****DATE: 25 JULY 2023**

REPORT OF CABINET MEMBER: **MARK NUTI, CABINET MEMBER FOR ADULTS AND HEALTH**
NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY AND WASTE

LEAD OFFICER: **LIZ BRUCE, EXECUTIVE DIRECTOR FOR ADULT SOCIAL CARE AND INTEGRATED COMMISSIONING**
LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF RESOURCES

SUBJECT: **EXTRA CARE HOUSING – PHASE 2 DELIVERY**

ORGANISATION STRATEGY PRIORITY AREA: **GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES**

Purpose of the Report:

A report was presented to Cabinet in July 2019, which set out Adult Social Care's (ASC) Accommodation with Care and Support Strategy for delivering Extra Care Housing for older persons and Independent Living schemes for adults with a learning disability and/or autism¹.

This report sets out Surrey County Council's (the Council) proposed delivery approach for three sites proposed for Extra Care Housing and will form Phase 2 of the delivery programme. This will support our strategy to deliver Accommodation with Care and Support by 2030 to enable people to access the right health and social care at the right time in the right place, with appropriate housing for residents that helps them to remain independent and ensures nobody is left behind.

Recommendations:

It is recommended that Cabinet:

1. Grants approval to proceed with the design and construction of Extra Care Housing at three identified Council-owned sites in Reigate and Banstead, Runnymede and Tandridge within the capital funding envelope set out in the Part 2 report. The sites are as follows:
 - Former Orchard Court Care Home, East Grinstead Road, Lingfield, RH7 6ET
 - Former Birchlands Care Home, Barley Mow Road, Englefield Green, Egham, TW20 0NP
 - Colebrook, Noke Drive, Redhill, RH1 1PT

¹ [Adult Social Care Accommodation with Care and Support Strategy for Extra Care Housing for Older People and Independent Living Schemes for Adults with a Learning Disability and/or Autism](#)

2. Approves external delivery of affordable Extra Care Housing at the three sites through a tender for a strategic development and housing management partner(s) as the preferred option. This will be in the form of a design, build, fund and operate (DBFO) model.
3. Grants delegated authority for contract award to the following Council officers:
 - Deputy Chief Executive and Executive Director for Resources in consultation with the Cabinet Member for Resources and Cabinet Member for Property and Waste.
 - Executive Director for Adult Social Care in consultation with Cabinet Member for Adult Social Care.
 - Director, Land and Property.
4. Notes that a separate procurement process will be conducted to identify onsite support and care provision to avoid long-term support and care provision being tied into the development and housing management contract.

Reason for Recommendations:

The development of Extra Care Housing on the three sites set out in this report will represent an important contribution towards the Council's strategic objective to expand affordable Extra Care Housing provision by 2030.

Tendering for a strategic development and housing management partner(s) to take forwards the development of Extra Care Housing on the sites is consistent with previous decisions made by Cabinet. In October 2019, July 2020, October 2020 and July 2022 Cabinet agreed to identify a strategic partner(s) for the development and housing management of Extra Care Housing at the former Pond Meadow School, the former Brockhurst Care Home, the former Pinehurst Care Home, Cuddington (formerly known as Salisbury Road), Lakeside and Bentley sites through tendering processes.

There are multiple benefits for the Council from developing Extra Care Housing on the sites. These include:

- Accessing economies of scale from delivering Extra Care Housing across more settings, which is likely to lead to a more commercially favourable response for the Council.
- Fulfilling significant resident demand for affordable specialist accommodation in the districts.
- Limiting the capital investment required by the Council and in doing so limiting the costs of borrowing within the Council's Medium Term Financial Strategy.
- The new Extra Care Housing settings will house residents from existing affordable housing as well as residential care settings, which will free up availability of affordable housing within the local districts and boroughs.

This is consistent with our ASC vision for development of Extra Care Housing, which has been clearly communicated through market and stakeholder engagement.

The other option available is for the Council to directly deliver the Extra Care Housing scheme at the sites. This would involve the Council committing significant capital expenditure and be responsible for the ongoing housing management function of the Extra Care Housing settings. This option is not recommended as it is anticipated to be significantly less financially beneficial to the Council and would likely take longer to deliver given that there is already a well-established approach for the Council tendering for a strategic

development and housing management partner on a DBFO basis. Financial modelling for both options is commercially sensitive at this time and is set out in the Part 2 report.

Executive Summary:

Surrey County Council's Approach to Extra Care Housing

1. The sites owned by the Council and identified for Extra Care Housing are:
 - a. Former Orchard Court Care Home, East Grinstead Road, Lingfield, RH7 6ET
 - b. Former Birchlands Care Home, Barley Mow Road, Englefield Green, Egham, TW20 0NP
 - c. Colebrook, Noke Drive, Redhill, RH1 1PT
2. In February 2022, Cabinet agreed to close the Council's in-house homes for Older People and "explore opportunities for developing the sites for alternative adult social care services". This included the former Orchard Court and Birchlands Care Homes. It was also agreed that "the alternative use of any site will be prioritised in the context of Adult Social Care's Accommodation with Care & Support Strategy". The recommendations in this report support this.
3. Whilst the consultation to close Orchard Court resulted in a decision to explore alternative adult social care use "or a joint development in partnership with the NHS or other organisations", the outcome of the feasibility assessment is that the whole site is required for the delivery of Extra Care Housing.
4. The vacant Colebrook site offers more land than is required for affordable Extra Care Housing (ECH). The southern part of the site has been identified as suitable for the delivery of ECH which releases the rest of the site for other use(s). The northern part of the site is being considered for the reinstatement of community use and affordable Essential Worker Housing. The determination of use(s) on the northern part are yet to be agreed but it is essential that a coordinated approach is adopted for the whole site to ensure that development can progress. For this reason, both parts of the site will be considered as part of the Planning Strategy to ensure they are aligned.
5. ASC's Accommodation with Care and Support Strategy agreed by Cabinet in July 2019 set out the ambition to develop an additional 725 affordable units of Extra Care Housing in Surrey by 2030.
6. Extra Care Housing must be an enabling and accessible environment which makes independent living possible for older people with a spectrum of care needs, including those with dementia and other cognitive impairments. Its design and nature should mean that it is a "Home for Life", in most cases people should be able to maintain their tenancies and live comfortably and with dignity without needing to go into residential and nursing care homes when their care needs increase. The key principles of Extra Care Housing can be found in Annex 1.
7. Initial feasibility sketches based on planning feedback and a review of the local area show that these three sites could provide circa 219 affordable Extra Care Housing units. In total this means that, if Cabinet were to approve plans to develop Extra Care Housing at the three Phase 2 sites, when combined with the planned developments already approved, that there are plans to deliver circa 80% of the Council's strategic ambition.

8. National evidence and learning from Extra Care Housing schemes already used by the Council demonstrates the importance of maintaining an appropriate mix of needs of people living in schemes. The Council intends to operate a waiting list system to ensure appropriate nominations and care mix can be achieved and maintained through the life of the schemes. This will be essential to mitigate the risk of voids.
9. The Council's focus is on developing Extra Care Housing schemes that deliver affordable units for individuals with eligible ASC needs that the Council is required to support. As such, the default approach is to develop 100% affordable schemes whereby the Council has nomination rights for all of the units. To meet the Council's definition of affordability, rents and eligible service charges must be fundable through housing benefit.
10. An alternative tenure model would only be considered for a site if development of a 100% affordable scheme on the site was not a realistic option. These Extra Care Housing schemes, along with those already approved, are proposed to be a 100% affordable tenure model.
11. A separate procurement process will be conducted to identify onsite support and care provision to avoid long-term support and care provision being tied into the development and housing management contract. A report outlining the Care and Support Strategy is being presented to Cabinet in July 2023 alongside this report.

Consultation:

12. The consultation for this report builds on the previous discussions that have occurred during the lifespan of this programme, as outlined in previous Cabinet reports.
13. A preliminary pre-application meeting has been carried out with the Council's Reg 3 planning departments based on the intended use for the sites.
14. During pre-tender engagement with market providers, it was strongly supported to bundle multiple sites together to ensure that the programme was attractive. In addition, the market consultation outlined that for the Council to secure a reasonable level of interest and achieve commercial viability that early-stage design and outline Planning should be secured and therefore de-risk the sites to ensure they are market ready.
15. In advance of publishing this report, briefing notes have been circulated to the Adults and Health Select Committee, the local Surrey County Councillors for Englefield Green, Lingfield and Redhill and senior planning and housing officers in Reigate and Banstead, Runnymede and Tandridge Borough Councils. Briefing meetings will be arranged with the relevant district and borough ward councillors and senior officers as required.

Risk Management and Implications:

16. There is a risk that there may not be sufficient interest from the market to develop the schemes on the basis that the Council proposes. The Council has however undertaken extensive market engagement and learning will be available from the previous ECH (Phase 1a & 1b) tenders to inform the procurement.

- 17. There is a risk that once these sites have been launched the Council is unable to identify ASC funded residents for all of the affordable units. Void units would diminish the savings realised for ASC in Extra Care Housing compared to alternative forms of care, which would mean the Council would not be making best use of the land. It is also likely that in order to provide safeguards for the external housing partner who will be funding the majority or all of the capital development cost, the Council will be required to enter into a void agreement for an agreed period of time, whereby if voids fall below a certain level the Council would be required to cover the rental income for these units or potentially allow them to be offered to alternative users. To mitigate against these risks, ASC will seek to identify individuals suitable for Extra Care Housing a year in advance of each site's completion. This will provide adequate time to work with our own ASC operational teams, the future residents, their families, friends and carers to prepare them for occupying the flats once they are available. A full marketing strategy will be implemented to promote interest in the schemes and provide a waiting list of suitable residents.
- 18. Once the schemes are operational, ASC will continue to operate a nominations panel with district and borough colleagues to ensure any vacancies that occur are utilised as quickly as possible and that an appropriate mix of care needs is maintained across the sites.
- 19. Planning risk exists with all developments, and this is the case with these three sites. The appointed Planning Consultant has confirmed that each of the sites complies with Planning Policy and areas of concern have been mitigated in the early designs. Pre-Planning consultation remains ongoing and prior to the applications being submitted a full community consultation programme will be undertaken to ensure we address any local concerns that may arise. To support market interest in these projects, each scheme will be taken through the formal Outline Planning Permission stage to reduce the risk profile and de-risk key statutory factors, prior to procurement phases, thereby making them more attractive to the market and potential bidders.

Financial and Value for Money Implications:

- 20. As set out in the Accommodation with Care & Support Strategy presented to Cabinet in July 2019, the development of Extra Care Housing is expected to deliver financial savings compared to alternative forms of care for two main reasons:
 - a. The design and nature of Extra Care Housing settings means that in the vast majority of cases people should be able to live there throughout their remaining life and avoid the need to go into residential and nursing care homes when their care needs increase. Some admissions into more expensive residential and nursing homes will therefore be avoided.
 - b. The provision of care to people's own homes in Extra Care Housing settings is generally less expensive when compared to normal residences. This is due to a concentration of need within a bespoke housing setting, which allows care providers to minimise travel costs for care workers and more efficiently deploy staff to support extra care residents. The average number of hours of care are also typically lower for people in extra care settings.
- 21. Modelling based on the planned usage of the Council's new affordable Extra Care Housing units indicates that the Council should achieve savings of £5,100 per unit per year compared to traditional alternative forms of care. Plans drawn up for the

three schemes set out in this paper estimate that circa 219 units of Extra Care Housing can be accommodated on the sites. Therefore, total ASC care package efficiencies of just over £1m per annum are expected through the development of Extra Care Housing at the three sites (including expected voids).

22. These care package efficiencies will offset the revenue borrowing costs for capital expenditure that the Council is required to commit to developing the three sites through a DBFO external delivery model, with residual savings above those required to cover borrowing costs helping to mitigate pressures in Adult Social Care's care package budget. Full details of the financial modelling for the three sites are set out in the Part 2 report.
23. Beyond the direct savings to the Council, it is also important to recognise the wider financial benefits to the health and social care system. Evidence indicates that well-managed Extra Care Housing schemes will typically result in fewer people requiring admission to hospital. Not only is this of course very positive for people's wellbeing and independence, but it also reduces pressure on the health care system and avoids the higher levels of social care expenditure typically required following hospital discharge.

Section 151 Officer Commentary:

24. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
25. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
26. As such, the Section 151 Officer recognises the development of extra care housing will be important in helping to expand accommodation provision in the community to help older people maintain their independence. It is more cost effective than traditional alternative forms of care in line with Adult Social Care's vision for accommodation-based services. Plans to develop Extra Care Housing and the associated care package efficiencies have been factored into the Council's Medium Term Financial Strategy and will be updated based on the decision regarding the development of the proposed schemes at the three sites set out in this report.
27. If Cabinet approves the recommendation to proceed with development of extra care housing schemes on the three sites set out in this report, then in addition to effectively progressing the tender for a strategic housing development and management partner, it will be important to ensure the Council works closely and swiftly with the relevant district and borough councils to finalise nomination agreements for the affordable units. As work progresses towards completion it will then be essential that individuals are identified who are suitable to move into the affordable units as close to the sites becoming operational as possible. Once the new schemes are operational, it will be important to track the costs of care provision

across the affordable units and compare this to the modelled expenditure for affordable extra care so that this learning can be built into the proposed development of any further extra care schemes.

Legal Implications – Monitoring Officer:

28. Further to the report bought to Cabinet in July 2019 in relation to delivering Extra Care Housing for older persons and Independent Living schemes for adults with a learning disability and/or autism, this report identifies and sets out proposals to deliver Extra Care Housing at three Council-owned sites. Initial site feasibility and due diligence work has taken place and approval is now sought to proceed to the design and construction stage for these sites.
29. The Council as owner of the sites has extensive powers under legislation to facilitate the delivery strategy. These powers include provisions under Section 2(1) of the Local Authorities (Land) Act 1963, which provides that a local authority may, for the benefit or improvement of its area, erect, extend, alter or re-erect any building and construct or carry out works on land. As further site information becomes available legal advice should be sought to ensure the Council meets its legal obligations.
30. There are no significant legal implications at this stage related to procurement. Further detailed legal input will be provided as the project develops.
31. Cabinet is under fiduciary duties to residents in utilising public monies and in considering the proposals set out in this report Cabinet Members will want to satisfy themselves that it represents an appropriate use of the Council’s resources.

Equalities and Diversity:

32. An Equality Impact Assessment (EIA) is included as Annex 2, examining areas of consideration for any implementation of the Accommodation with Care and Support Strategy. Identified impacts at this stage centre on improved resident experience and outcomes, more people remaining independent within their own homes for longer and further consideration needed of people's natural communities, recognising that communities do not necessarily fit with statutory boundaries.

Other Implications:

33. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	Improving the accommodation options available for people with care and support needs could have a positive impact in terms of safeguarding, ensuring that vulnerable adults can live within safe, secure environments with appropriate care and support services designed around them.
Environmental sustainability	The surveys listed below have either been completed or will be completed during RIBA Stage 2. The necessary surveys for RIBA Stage 1 – Feasibility have guided the design of

Area assessed:	Direct Implications:
	<p>this scheme. No impacts to the environment have been identified.</p> <ul style="list-style-type: none"> • Arboriculture surveys • Archaeology DeskTop • Archaeology Survey ongoing • Asbestos R&D and Asbestos Demolitions • Badger & Bat Surveys • Botanical Survey • Drainage/Utilities • Ecology • Mammal Hole Monitoring • Topography • Redline Plan • Drainage CCTV • Ground Investigation – Desktop • Ground Source Heat Pump (GSHP) Desktop studies and site borehole tests • Flood Risk Assessment • Intrusive Ground Investigation: Geo-technical/Geo-environmental • Soil Investigation Survey • Transport Feasibility Survey • Underground Utilities Ground Penetrating Radar (GPR) Survey
<p>Compliance against net-zero emissions target and future climate compatibility/resilience</p>	<p>Consistent with the Council's Net-Zero Carbon target, the buildings will be designed to be LETi Net Zero (London Energy Transformation Initiative) and future-proofed to be adapted and resilient to the impacts of climate change.</p> <p>The key features of an operationally net-zero carbon building include: high thermal efficiency, a low carbon heating system, and maximising the generation and use of on-site renewable energy.</p> <p>Materials and construction emissions will be reduced where feasible. The next design stages will address the Green Agenda within the budget allowance for the project and will design solutions to address the agenda, e.g.: Sustainable Drainage Systems, opportunities for rainwater harvesting, irrigation solutions, biodiversity net gain, landscape boundary treatments etc.</p> <p>Bidders will also be evaluated on the environmental implications of the proposed operation of the site and how they plan to maximise environmental benefits.</p>
<p>Public Health</p>	<p>Accommodation with Care and Support can positively impact on public health outcomes, including reductions in social isolation and/or</p>

Area assessed:	Direct Implications:
	loneliness; improved nutrition and hydration; increased wellbeing for residents participating in activities, such as exercise classes, and minimising the ill effects of fuel poverty and/or seasonal health risks.

What Happens Next:

34. If Cabinet approves the recommendations in this report, we will undertake the following:

- Pre-Application (RIBA 1): Summer 2023
- Complete RIBA Stage 2 Design: September 2023
- Community Engagement Exercise: September/October 2023
- Planning Application submission: October 2023
- DBFO Contractor Procurement starts: January 2024

Report Author:

Dan Stoneman, Head of Commissioning - Older People, Adult Social Care and Integrated Commissioning, dan.stoneman@surreycc.gov.uk

Adrian Watson, Programme Director - Extra Care Housing, Land and Property, adrian.watson@surreycc.gov.uk

Elaine McKenna, Contract Manager, Land and Property, elaine.mckenna@surreycc.gov.uk

Consulted:

Cllr Mark Nuti, Cabinet Member for Adults and Health

Cllr Natalie Bramhall, Cabinet Member for Property and Waste

Adults and Health Select Committee

Reigate and Banstead, Runnymede and Tandridge Borough Councils; councillors and officers

Liz Bruce, Executive Director, Adult Social Care and Integrated Commissioning

Simon Crowther, Director, Land and Property

Surrey County Council Finance, Legal and Procurement officers

Annexes:

Annex 1: Principles of Extra Care Housing

Annex 2: Extra Care Housing Equality Impact Assessment

Part 2 report

Sources/background papers:

Cabinet reports:

Oct 2019, Item 176/19: [Decision on the route to market for three identified extra care sites](#)

Jul 2019, Item 129/19: [Adult Social Care Accommodation with Care and Support Strategy for Extra Care Housing for Older People and Independent Living Schemes for adults with a learning disability and/or autism](#)

Jul 2020, Item 111/20: [Decision on the Change of Route to Market For Two Extra Care Housing Sites](#)

Oct 2020, Item 157/20: [Decision on the Route to Market for Two Extra Care Housing Schemes](#)

Feb 2022, Item 34/22: [The Future of Residential Care Homes for Older People Owned and Operated by Surrey County Council](#)

Jul 2022, Item 112/22: [Recommendation On The Delivery Model For Extra Care Housing At The Former Bentley Day Centre, Banstead Horseshoe, Reigate and Banstead](#)
