

**SURREY COUNTY COUNCIL****CABINET****DATE: 26 NOVEMBER 2024****REPORT OF CABINET MEMBER: SINEAD MOONEY, CABINET MEMBER FOR ADULT SOCIAL CARE****NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY, WASTE, AND INFRASTRUCTURE****LEAD OFFICER: CLAIRE EDGAR – EXECUTIVE DIRECTOR, ADULTS, WELLBEING AND HEALTH PARTNERSHIPS  
SIMON CROWTHER, INTERIM EXECUTIVE DIRECTOR, ENVIRONMENT, PROPERTY AND GROWTH****SUBJECT: RIGHT HOMES, RIGHT SUPPORT: OLDER PEOPLE'S RESIDENTIAL AND NURSING CARE DELIVERY STRATEGY****ORGANISATION STRATEGY  
PRIORITY AREA: NO ONE LEFT BEHIND / TACKLING HEALTH INEQUALITY / EMPOWERED AND THRIVING COMMUNITIES / HIGH PERFORMING COUNCIL / ENABLING A GREENER FUTURE****Purpose of the Report:**

This report seeks Cabinet approval for our Residential and Nursing Care Delivery Strategy to improve our residential and nursing care offer for older residents in Surrey within the wider Right Homes, Right Support Strategy<sup>1</sup> (RHRS). Its inclusion ensures that Surrey County Council (the Council) has a comprehensive strategy across Supported Independent Living for working age adults, affordable Extra Care Housing, and Residential and Nursing Care for older people.

Our Residential and Nursing Care Strategy recognises the importance that the Council places on having the right accommodation, in the right place to meet future need and demand for our residents, that is high quality and financially sustainable. It will enable us to deliver care homes that are fit for purpose and offers a wide range of services to meet complex needs. This supports the Surrey Way by tackling health inequalities, empowering our communities and ensuring no one is left behind.

An initial assessment of the Council owned residential settings has been undertaken and it has been identified that some of the homes will not be fit for the future and will require investment to ensure that they meet the future resident needs. A detailed assessment of sites and future delivery options is required to ensure we achieve the aims of the Residential and Nursing Care Strategy.

<sup>1</sup> Formerly known as the Accommodation with Care and Support Strategy [16. Accommodation with Care support Cabinet report July 2019.pdf \(surreycc.gov.uk\)](#)

## **Recommendations:**

It is recommended that Cabinet:

1. Approves the Right Homes, Right Support: Older People's Residential and Nursing Delivery Strategy.
2. Approves £3.6m of capital funding from the Council's capital pipeline for the Older People's Residential and Nursing Delivery Strategy to:
  - i. Undertake the necessary Royal Institute of British Architects (RIBA) Stage 0 Strategic Definition Studies, RIBA Stage 1 Feasibility Studies, and market engagement across the whole Council owned care home portfolio.
  - ii. Enable a strategic business case to be developed across the whole care home portfolio.
3. Notes the direction of travel for care homes on Council owned land (set out in recommendation 2) and the possible need for public consultation on the proposed future use of sites.

## **Reason for Recommendations:**

Approval of the Strategy set out within this report will:

- a) Enable independence and improved outcomes for Surrey's older residents for as long as possible through delivering specialist care home accommodation, which will play a key role in the prevention of early admissions into acute hospitals and into long term care home placements that may not be necessary.
- b) Ensure that there is sufficient care home provision available to meet the increasing older peoples' population in Surrey and that can support people with complex mental health needs and complex physical frailty.
- c) Enable us to address the current, and future, deficit in available capacity from the wider care market. Despite extensive steps taken to address prices paid, developing new contracting arrangements, and investing in care home capabilities across the Surrey care market, we need new opportunities and improved capacity to enable the best outcomes for residents.
- d) Enhance our offer of support to providers to improve quality and outcomes for all residents receiving care and enable them to deliver services to meet increased demand and complex needs.
- e) Long standing strategic contracts commissioned by the Council will be managed through robust expiry planning to ensure there is minimal disruption to residents, carers, families and operational teams.
- f) Ensure that we develop (subject to detailed market engagement, feasibility studies and outcomes of possible public consultation) the most commercially viable and financially sustainable strategic business case for the Council to achieve its Residential and Nursing Care Strategy for Surrey's older residents.

- g) Ensure effective use of the Council's assets to deliver improved outcomes for our residents, that is financially sustainable and means 'no one is left behind'.

## Background and Context:

### Strategic Context and Our Vision for Surrey

1. In 2018 the Council embarked on a large-scale engagement activity with residents, staff, members, partners and businesses to shape our community vision for Surrey in 2030<sup>2</sup>. Together we agreed that: 'By 2030 we want Surrey to be a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind.' It is essential that the care and support provided by Adults, Wellbeing and Health Partnerships (AWHP) promotes independence and improves outcomes for our residents in all we do and offer.
2. We have developed our new Right Homes, Right Support: Residential and Nursing Care Delivery Strategy to focus on responding to the increase in demand for more complex residential and nursing care needs. This will also support the Council to respond to challenges faced due to limited affordable capacity, which leads to increased costs and time delays in sourcing residential care placements for residents whose care is commissioned and paid by the Council.
3. Initial assessment of the 16 Council owned residential care homes has identified that several care homes are not fit for the future and will require investment to ensure that we achieve the aims of the Residential and Nursing Care Strategy. A more detailed review of the estate is required to ensure we establish the most economically viable plan, which will ensure that we have the most suitable, viable and efficient estate to meet the current and future needs of our residents.

### Our ageing population and future demand for enhanced residential and nursing care

4. Surrey has an increasingly ageing population with a life expectancy above the national average for both men and women<sup>3</sup>. 230,000 people in Surrey are over the age of 65 with an expected growth to 270,000 people by 2030, with the largest growth expected in the number of people who are 85+. The average age for residents living in Surrey's older people's care homes is 85 years old.
5. Surrey is seeing more people living at home for longer, through accessing home-based care packages and community services through Direct Payments. This means we are seeing a decrease in need for lower levels of residential care. These community services are an alternative to low-level residential care, until the individual's care and support needs develop to such a point, that these arrangements are no longer sufficient and then require more formal care settings. We also anticipate that with future affordable Extra Care Housing in the pipeline, this will further reduce demand for low level residential care and should prevent individuals requiring additional placements in enhanced residential or nursing care.
6. For older people in care homes, the number of permanent admissions to residential and nursing care home per 100,000 people aged 65+ decreased by 17% from 558.0

<sup>2</sup> [Community Vision for Surrey in 2030](#)

<sup>3</sup> [Joint Strategic Needs Assessment \(JSNA\) for Surrey's Population](#)

in 2010 to 464.1 in 2020. However, AWP admissions to care homes have remained static over the last few years, averaging 2,160 admissions a year (with a slight dip in 2021 due to the pandemic). Multimorbidity (defined as the co-occurrence of two or more chronic conditions) and frailty (which commonly coexist) contribute to more complex care needs for residents. We estimate that there are around 90,000 residents aged 65 and over with multimorbidity and 22,000 with frailty. This is outlined in detail in our Older People’s Residential and Nursing Care - Market Positioning Statement<sup>4</sup> and the Living Well in Later Life Strategy 2021 – 2030<sup>5</sup>.

7. We are experiencing an increase in the number of residents placed in care home settings that have complex care and support needs, placed under the category ‘enhanced residential’ and ‘enhanced nursing’. Complex care has been defined as ‘older people with complex mental health needs’ specifically referring to people with mental health conditions including dementia, functional mental health problems and behaviour that challenges.
8. To enable us to plan for future residential and nursing care requirements we have forecasted projected demand for Council-funded placements up to 2030 (using data from between 2016 and 2023). Our analysis explored the following areas that impact demand: the population of older people in Surrey, the response to the Covid-19 pandemic, the introduction of a strengths based approach<sup>6</sup> in AWP, the use of Direct Payments (or other alternative services such as Extra Care Housing), an estimate for the financial eligibility of those requesting support, and the prevalence of health conditions which result in older people no longer being able to safely stay in their own homes. The projected future demand is presented in Table 1, and we will continue monitor the projected demand for these services over the course of the Strategy.

**Table 1. Projected future demand for residential, enhanced residential and nursing care**

Accommodation Type	Estimated No. Older People in Jan 2030	Difference from Jan 2024
Residential	55 - 100	-290
Enhanced Residential	1,070 – 1,130	+120
Nursing	1,460 – 1,530	+110
<b>Total</b>	<b>2,585 – 2,760</b>	<b>-60</b>

### The existing residential and nursing care market

9. In March 2024, CQC data shows that there are currently 213 residential and nursing care homes registered (10,468 beds) within Surrey who predominantly provide services for older people. The Market Sustainability Plan developed in 2023 evidenced that within this care home market approximately 28% is Council funded and 72% is private funded individuals, other local authority placements and NHS.
10. The non-nursing care home market in Surrey has decreased in size since 2017. Eight Council residential care homes were closed in 2022, as well as some small provider homes closing due to financial sustainability from high operational costs and newer

<sup>4</sup> [Older People’s Residential and Nursing Care Home – Market Position Statement](#)

<sup>5</sup> [Living Well in Later Life: Older People’s Commissioning Strategy 2021 - 2030](#)

<sup>6</sup> [Strength Based Approach](#)

homes opening close by. CQC data indicates that the number of beds in non-nursing care homes has decreased by approximately 14% (814 beds) over the last 5 years, whilst during the same time period beds in nursing homes have increased by 6% (269 beds).

11. Furthermore, care home providers are increasingly risk-averse due to concerns about potential reputational damage. The complexity of care needs presents higher risks of incidents or issues occurring within care homes, which are viewed by providers to negatively impact on their reputation and lead to regulatory scrutiny. Some care home providers have also struggled to adapt and meet the demand in the rapid changes in the level of care needs, particularly since the COVID-19 pandemic. Council commissioners are supporting the market through additional resources, training, and workforce planning to address these concerns.
12. The relative affluence of Surrey's residents means there is a high percentage of self-funded placements in the market, which presents the Council with challenges when securing affordable placements. The lack of affordable provision remains a significant barrier for long-term care placements, creating inequitable access to quality care services for Surrey's residents. With a high proportion of self-funder providers often supporting residents with lower needs than would be placed by the Council and at higher prices.
13. A key challenge for the Council is that the self-funder market also places additional cost risks and capacity constraints based on growing numbers of self-funders reaching capital threshold, the point at which an individual's financial assets fall below a level that means the Council has a responsibility to fund some or all of the cost of their care. Alongside developing new capacity, the Council will continue to provide information and advice to residents, carers, families and care homes, relating to financial affordability and suitability of care home placements for many residents who could, with support, remain at home for longer.
14. We commission individual and block contracts through the Integrated Residential and Nursing Contract (RNC), developed in July 2022. To date the contract is working with 175 care homes both in Surrey and out of county, which is 67% of Surrey's care home market with each home offering approx. 30% capacity for residential and nursing care. The RNC supports placements at AWHP guide price for approximately 80% of placements, however the continued increase in demand and complexity results in some placements being made outside of this contract through 'exceptions' and often at rates above AWHP guide price.
15. Alongside the RNC, various initiatives are underway to enhance the quality of care in residential and nursing settings in Surrey, as well as supporting the provider market. This includes actively seeking new capacity opportunities through the Residential and Nursing Contract, promoting positive practices through the 'My Home Life' project to improve leadership and quality of life, and providing support to staff in dementia care homes through the 'Surrey Admiral Dementia Nurse Care Home Project'. Community health provision is being delivered in care homes to address complex needs and prevent delays.

## Existing residential care delivered on Surrey County Council owned land

16. Within the whole older people's care home market capacity, the Council owns 16 care homes that are currently leased to Care UK and Anchor until January 2027 and March 2028 respectively, with one of the homes leased to Care UK in an agreement until 2101. These care homes are presented in Annex 1. The Council commissions care and support via a block contract with Care UK and individual placements to Anchor to support residential and residential dementia care placements.
17. Care UK operates across 7 care homes on a 25-year block contract from January 2002 to January 2027. This contract offers residential, residential dementia and respite care capacity, but no nursing. Within this contract there are Council 293 beds (69%) at affordable rates within the total 425 beds in the homes. The remaining 132 beds (31%) are occupied by self-funders.
18. Anchor operates across 9 care homes with a total of 529 beds, offering residential, residential dementia and respite care capacity, but no nursing, to the Council and self-funders under individual placement agreements since April 2019. Previously, these 9 homes were operated under a block contract between 1998 and 2019 with 8 additional homes that were returned to the Council in 2019. These homes were subsequently closed by the Council in August 2022, following a public consultation, as they were at the end of their natural life span and investing in the services would not provide environments that are fit for the future.

### **'Homes for the future' – our residential and nursing care ambition for Surrey's residents**

19. Our Strategy will address market challenges, support the Council's long term financial sustainability and support older people to maintain their independence and wellbeing for as long as possible, we will focus on preventative services and not wait until an emergency develops before supporting people. Our commissioning approach will focus on preventative actions, to keep people living independently and well for longer, as well as ensuring there is high quality provision to meet those with more complex needs and 'no one is left behind'.
20. Our ambition is to create a 'Homes for the future' model of care, which has been included in Annex 2. This will enable residents to remain in the same home (where possible) as their care needs increase, by potentially offering some dual-registered facilities that provide both residential and nursing care in one location to meet the increasing needs for more complex care, as well as residential only sites. We will look to develop future care homes on Council owned land that offer affordable capacity and are designed in a flexible and modern way to meet emerging needs.
21. New care homes will be developed in line with 'Surrey's Residential and Nursing Generic Design Brief' (GDB) and will support innovative Technology Enabled Care (TEC) environments. The GDB has been developed with an internal working group comprising of occupational therapist leads, quality assurance and AWHP locality managers and external provider expertise. The Brief details optimal care home design for individuals over 65, focusing on residential and nursing care facilities. The GDB will ensure residents' safety, comfort, and ease of access while fostering a sense of community and well-being.

22. Our 'Homes for the future' model of care will support older people with all levels of residential and nursing care including complex needs, as well as planned and urgent respite care. They will also support those with a primary need for learning disabilities over the age of 65+. Additionally, capacity that is available could be utilised to support services across the system for Discharge to Recover and Assess (D2RA), which will free up hospital bed capacity, support winter pressure surges and enable rehabilitation and step-down provision to be delivered with community services working with providers. There is also an emerging need to develop capacity to support an increase in individuals with bariatric needs. Outside of supporting people over 65+, future capacity development could support increases in early onset dementia for working age adults.
23. We will develop integrated partnership opportunities with health partners to prevent hospital admissions and promote innovative community-based care. We will co-design and co-produce our new care home services with residents, care providers, and strategic partners, including the NHS. This partnership approach aims to build on existing expertise within the market to develop innovative care models, enhance service quality, and increase affordable capacity for Surrey's residents.

### **Delivering our ambition with the residential and nursing care market**

24. To deliver our ambition and respond to the increasing demand for enhanced residential and nursing care we will employ a mixed approach by continuing to work with the market, as well as explore how these services can be delivered on Council owned land.
25. We will continue to shape the residential and nursing care market. Our '*Older People Residential and Nursing Care - Market Positioning Statement*' (2023)<sup>7</sup>, which we jointly developed with local providers, outlines the type of residential care (with or without nursing) that is required, what is available at present, and the gaps in provision that need to be addressed to meet future demand. It provides an overview of how the Council will shape the market and work with local providers to develop a viable and sustainable market for older residents, ensuring high-quality care by supporting providers and addressing workforce issues. Key market challenges that this Strategy will help address are:
- Improving rapid hospital discharges. This will prevent people remaining in hospital for longer than they need to, which will support their independence and health. This will result in improved outcomes, limit reliance on hospital services, and increase the availability of beds for new admissions.
  - Increase the availability of 'enhanced residential' and 'enhanced nursing' care for people with complex needs.
26. Through existing contracting arrangements, commissioners will continue to try and increase available capacity from RNC providers and the wider Surrey care home market. It is however unlikely that any significant additional capacity will be made available from 'new' providers agreeing to join the RNC as extensive efforts have already been made over the last two years to increase this. We will therefore continue to expand our block contract opportunities to support the wider care home market and

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<sup>7</sup> [Older People Residential and Nursing Care - Market Positioning Statement \(surreycc.gov.uk\)](https://www.surreycc.gov.uk/older-people-residential-and-nursing-care-market-positioning-statement)

think innovatively about how we use existing available capacity. Block contracts offer providers continuity and more financial sustainability. An area of development could also see providers that currently deliver a lower level of residential care (that is projected to decrease in need), supported to change their service models to meet the increasing demand for more complex residential services.

### **Developing a strategic business case to deliver residential and nursing care on Council owned land**

27. Due to the contracts and lease agreements ending with Care UK and Anchor, the Council must review the current arrangements and develop a strategic case to ensure it can continue to afford to place residents in appropriate care home settings to meet demand and needs beyond 2027. The work must be delivered at pace to avoid financial or reputational risk to the Council and ensure we deliver good outcomes for our residents.
28. Historically, these 16 homes were designed and contracted to meet low level residential care needs and not nursing or complex needs. There has been a strategic shift since the pandemic with placements for lower levels of residential care decreasing. As a result, over time, the residents moving into care home settings have more complex needs, as well as high physical frailty.
29. We have completed initial suitability assessments on all the 16 Council owned care homes with representatives from Land and Property (L&P) and AWP Commissioners, alongside work completed on our Residential and Nursing Generic Design Brief for future care home provision and geographical demand for affordable provision. We have considered each of the existing homes against the following options: retain, refurbish, redevelop, and release. This approach is in line with other decisions the Council has previously made on its care home portfolio sites.
30. Early analysis has shown that some of the 16 homes are not designed to support future needs. There are limited ensuite facilities, and considerable refurbishment works are required to transform them to meet future care requirements. Some of the buildings are reaching the end of their operational life and potential redevelopment will need to be considered.
31. We have started high level commercial modelling to evaluate the options for delivering the Strategy and support the development of a strategic business case. Following Cabinet endorsement, we will further develop our commercial modelling and continue market engagement to identify the potential delivery models, which are the most commercially viable and protect the Council's long term financial interests. We expect the costs for capital works for each of the sites to be high and therefore we will assess all models of delivery to minimise the capital costs that the Council will need to invest.
32. Our initial market engagement has identified an appetite within Surrey's care home market to work closely with us to deliver care home capacity on Council owned land. In August 2023, an online survey was distributed to the entire Surrey care home market and a total of 65 responses were received from both single and multiple care home providers, representing 45 providers in total. Follow-up calls were completed with 28 providers and the outcomes were positive. 14 providers expressed an interest in refurbishing and redeveloping existing Council owned sites to accommodate future demand, with five providers having available funds to construct new care homes.



Additionally, various providers showed interest in expanding capacity either through a single care home increase or clusters to optimise operational costs across a designated area. The next stage of developing the strategy will require more detailed market engagement as outlined above.

33. We will build on the previous market engagement to support the development of a strategic business case for delivering residential and nursing care on Council owned land. The strategic business case will include:

- Analysis of further in-depth market engagement
- Analysis of site feasibility studies
- Commercial modelling to identify the most financially and operationally suitable delivery route
- The outcome of potential public consultation
- The outcome of coproduction and engagement with residents, carers and families
- The overall procurement strategy for this element of the Strategy.

34. Subject to the identification of a commercially viable and financially sustainable delivery model, we plan to present the strategic business case for delivering residential and nursing care to Cabinet for approval at a later date.

### Whole Residential and Nursing Care Strategy delivery

35. The table below summarises the Strategy for delivering residential and nursing care in Surrey. It specifies the anticipated number of beds and corresponding proportions which will come from the Council owned sites and the rest of the market. These numbers are based on the assumption that the Council owned care homes will have a 69% occupancy rate of Council funded residents. The total capacity refers to the forecasted number of residential and nursing care residents from our projected demand for 2030.

**Table 2. Overview for delivery of 2,610-2,750 beds of residential and nursing care**

Delivery Lead	Residential and Nursing Care
Council	24% (620-655 beds)
Market	76% (1,990-2,090 beds)
<b>Total capacity</b>	<b>2,610-2,750</b>

36. Mixed models of delivery are recommended as it allows the Council to strike a balance between purchasing some provision from the market whilst maintaining a market presence to offer affordable provision and guide rates. It allows flexibility to help meet demand whilst investing in future proofing council-owned assets.

### Consultation:

#### Public Consultation

As soon as we have clear proposals for the future of the 16 homes, we will need to consider the need for a public consultation.

#### Coproduction, engagement and communications

37. Coproduction and engagement are essential parts of this delivery strategy. This ensures that the experiences, ideas and recommendations of key stakeholders such as residents, family members, carers, care staff, community partners, and providers are listened to and integrated into the design and delivery of care services.
38. This collaborative approach will support the development of services that will truly meet the needs and expectations of those who will both use and provide the services. It promotes a strengths-based and person-centred care approach, enhancing the quality of life for residents by incorporating their input into areas like care and support services and daily activities, by understanding what is important to them.
39. We will implement a comprehensive communications plan to support the delivery strategy, ensuring transparency and consistency for all stakeholders, including residents, families, carers, and the current workforce. Key elements include communicating in plain English across accessible formats, keeping local Surrey County Council councillors and strategic partners informed, and tailoring communication plans for each site based on the impact of change. Coordination with the Council's Communications Team will play a critical role in ensuring our communications are well-managed and delivered.

#### **Risk Management and Implications:**

40. We understand that whilst our Strategy will bring about a new opportunity to improve the residential and nursing care offer in Surrey, any change to service delivery can be unsettling. We will be open and transparent with residents, families, carers and staff currently residing and working in the homes that may be impacted by the proposed future use. We will work closely with the care home providers to limit disruption as best as possible and maintain an open and trusted dialogue between all parties. This approach is further set out in the 'Consultation' section of this report.
41. There is a risk that if the Council continues as is and does not deliver this Strategy, the current commissioned care contracts will not account for the changing demand and higher level of resident needs and is likely to cost the Council more to place people with higher needs elsewhere. The condition and suitability of some of the sites is also a risk as they are not considered fit for the future.
42. There is a risk that there may not be sufficient interest from the market to deliver what the Council proposes. Engagement with the market to date has proven positive and further market engagement is planned in the delivery of this Strategy. The existing care home market is significant nationally and locally, and is a long-standing integral part of the older people's sector, which demonstrates that it is attractive for third party operators to either expand or enter the market. On this basis, although further market engagement is required, we are confident that we will secure the required level of interest to ensure the approach is viable.
43. There is a risk that the programme will not be affordable for the Council. Benchmarking data has been used to inform modelling to date. This will be further refined through feasibility studies to achieve value for money. The Council will develop a strategic business case that represents best value for money and ensures that the Strategy can be delivered within the allocated Council resources. This will include key policy considerations such as greener futures. Various delivery models and procurement routes will be tested during the feasibility studies to develop the

strategic business case. Regular 'gateway' reviews will be undertaken to ensure the direction of the Strategy continues to be best value for the Council.

#### **Financial and Value for Money Implications:**

44. The £3.6m of capital funding requested in this report to complete RIBA Stages 0 and 1 will be funded from the allocation included in the Council's Medium Term Financial Strategy (MTFS) capital pipeline for the Right Homes Right Support Older People's Residential and Nursing Delivery Strategy.
45. The Council's capital programme assumes that any expenditure on the Older People's Residential and Nursing delivery strategy is fully self-financing. The working assumption is an external delivery partner will be secured through a tender and this partner (or partners) will build any new care homes/refurbish existing care homes, secure a proportion of the beds for private sale to self-funders and pay a financial contribution to the Council, with the remaining beds guaranteed to the Council through block contracts at affordable rates. The financial contribution to the Council would be funded by the partner(s) out of profit they make on the sale of self-funder beds, and either paid as a lump sum capital receipt or an annual revenue income stream.
46. Initial market engagement with the older people nursing and residential care sector has indicated an appetite for this sort of commercial arrangement, but this will need to be tested through further, more detailed market engagement which will only be proven through competitive tendering. Cabinet is therefore asked to approve the feasibility funding requested in this paper on the assumption that the planned delivery model is successfully implemented. If through further market engagement or a tender this model does not prove to be viable, then there is a risk that the borrowing costs may not be funded. The required market engagement will be undertaken early in the process to minimise the costs incurred during feasibility studies and reduces the exposure to costs being incurred should an external delivery route not be viable in whole or part.
47. Although developing the care homes will meet service needs and help to avoid the cost of placements the Council buys escalating above affordable levels (£3m cost avoidance is estimated), this will not release care package savings that could fund the borrowing costs.
48. It is therefore essential that there are 'gateway' checkpoints during the feasibility studies to assess at each stage the likelihood of a fully funded delivery model being achieved through a tender process based on market engagement. Should at any point the likelihood of a fully funded delivery model not be viable, or if it considered likely that the Council's capital expenditure required to complete the Strategy is likely to be above the current budget in the Council's capital pipeline, then the feasibility studies must be paused to enable a review of the Strategy and decisions on next steps. This will avoid significant further expenditure on care homes which may not be fully funded and therefore may need to be changed or stopped depending on affordability, in the context of the Council's overall capital programme and broader financial position.
49. Early analysis of construction costs has identified that significant capital resources is required to bring this aspect of the estate up to an acceptable standard, which further reinforces the need to identify and appraise an external delivery model.

50. If no action is taken, then the cost pressure on the council is estimated to be a minimum of £3m per annum in additional revenue care package costs due to having to pay higher prices for care home beds. Although this would not be a cost reduction saving that could fund the borrowing costs, developing the homes as intended is anticipated to avoid the additional care package expenditure that would otherwise be incurred. Modelling undertaken to date demonstrates that this mixed model of delivery is the most cost-effective way of meeting demand for residential and nursing care going forward.

#### **Section 151 Officer Commentary:**

51. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. The Council has made significant progress in recent years to improve its financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost-of-service delivery, increasing demand, financial uncertainty 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 deliver financial efficiencies and reduce spending to achieve a balanced budget position each year.
52. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 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.
53. In this context the Section 151 Officer recognises the importance of delivering the Right Homes Right Support Older People's Residential and Nursing Delivery Strategy in order to ensure there is sufficient supply of the right types of care home provision to meet the growing complexity of care needs of older residents in Surrey who the Council has a responsibility to commission care and support arrangement for at affordable rates.
54. The Section 151 Officer would highlight the importance of the Strategy being developed on a fully self-financing basis in line with the assumptions built into the Council's Medium Term Financial Strategy. Further detailed market engagement should commence as soon as possible to test the commercial appetite for the external delivery model set out in this paper. Expenditure on feasibility studies should be paused if at any point it is considered that a fully self-financing external delivery model is not likely to be achievable, so that a review of the Strategy can be undertaken to determine the appropriate next steps before any further expenditure is incurred.

#### **Legal Implications – Monitoring Officer:**

55. We note that the approach to be adopted in respect of the operational premises, outlined in this paper, is subject to further detailed feasibility studies. Prior to the estates service making its recommendation it may need to seek further specific property legal input on the issues around the terms and conditions of any existing leases, any proposed new leases, and possible title restrictions on development. However, at this stage Cabinet should note the following.

56. In respect of any new leases that may be granted, this Council has general powers under Section 122 of the Local Government Act 1972, to dispose of properties, by way of lease, subject to the usual best value considerations under Section 123 of that Act.
57. In respect of any refurbishment works, or redevelopment, this Council has comprehensive powers under Section 2(1) of the Local Authorities (Land) Act 1963 to erect, extend, alter or redevelop its property for the benefit or improvement of its area.
58. Cabinet has duties to local residents, when utilising public funds to consider the business case for any such works and satisfy itself that such expenditure represents an appropriate use of funds. Insofar as they may be required, the Council should ensure that it obtains any necessary planning and other consents for works.
59. In addition to the property issues, the Council will need to be mindful of the public law issues that arise with any proposals to change or withdraw services. This will be particularly relevant with any proposal to close a care home. Public consultations will need to take place before Cabinet is asked to take any final decisions around the future of the homes currently being operated by Anchor and Care UK.
60. In procuring the services outlined in this report the Council must comply with the Council's Constitution and any relevant National legislation, alongside the Council's Procurement and Contract Standing Orders and the Public Contracts Regulations 2015 (including any superseding legislation) (where appropriate).
61. As this Strategy progresses, legal advice may also be necessary in relation to employment issues.

#### **Equalities and Diversity:**

62. An Equality Impact Assessment (EIA) has been completed to address how the Strategy may impact current residents of the care homes on Council owned land, future residents that may require residential or nursing care, their relatives, and carers and current staff working within the homes with protected characteristics. The EIA will be updated regularly to ensure equality issues are considered in decision-making. The EIA is available in full in Annex 3.
63. Early quality considerations include:
- 'Homes for the future':** New care homes will better support those over 65, particularly those with dementia, offering improved outcomes and adaptable rooms for changing needs. Enhanced environments will support residents with disabilities, especially with larger rooms and improved building layouts. Care specifications can support ethnic or religious dietary needs and strengthen links with faith communities, while ensuite bathrooms will improve privacy and dignity.
- Changes to existing care homes:** Residents with physical or cognitive impairments may struggle with changes and building work. Potential relocation to alternative provision may affect residents' proximity to ethnic communities or faith groups where connections have been established. We will work with residents and the care home providers to ensure that any potential disruptions are minimised as best as possible, and residents are supported through any change that may occur.

64. The EIA will be updated as the Strategy continues to ensure that the public sector equality duty is reflected in any decisions going forward.

**Other Implications:**

65. 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.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	Improving our residential and nursing care offer available to residents can 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	Environmental sustainability will be assessed during feasibility studies through relevant surveys and any implications reported as part of the strategic business case.
Compliance against net-zero emissions target and future climate compatibility/resilience	Decarbonisation of existing estate to be considered as part of the strategic business case for any sites to be retained or refurbished, as required.  The Council's net zero carbon ambition will be explored during design development for any new build.
Public Health	Residential and nursing care can positively impact on public health outcomes, including reductions in social isolation and/or loneliness; improved nutrition and hydration; increased wellbeing for residents through participating in activities and linking with local communities.

**What Happens Next:**

66. If Cabinet approve the recommendations in this report, we will:

- i. We will implement the Right Homes, Right Support: Residential and Nursing Care Delivery Strategy.
- ii. We will undertake the necessary RIBA Stage 0 Strategic Definition Studies and RIBA Stage 1 Feasibility Studies, and market engagement across the whole Council owned care home portfolio to enable a strategic business case to be developed.

- iii. We will commence any necessary public consultations on the proposed future use of the sites. This will ensure that the voices of stakeholders, such as residents, families, carers, staff, and the wider community, are listened to and considered.
- iv. We will present to Cabinet a strategic business case for approval at a later date, subject to the outcomes of the market engagement, public consultation, RIBA Stage 0 Strategic Definition Studies and RIBA 1 Feasibility Studies, commercial analysis, procurement strategy and financial sustainability of our plans.

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**Consulted:**

Sinead Mooney, Cabinet Member for Adults, Wellbeing and Health Partnerships

Natalie Bramhall, Cabinet Member for Property, Waste, and Infrastructure

Claire Edgar, Executive Director, Adults, Wellbeing and Health Partnerships

Simon Crowther, Interim Executive Director Environment, Property and Growth

Jonathan Lillistone, Director of Integrated Commissioning, Adults, Wellbeing and Health Partnerships

Diane Wilding, Director Land and Property

Surrey County Council’s Adults and Health Select Committee

Surrey County Council’s Corporate Leadership Team

Surrey County Council’s Finance Team

Surrey County Council’s Legal Team

The residential care and nursing provider market

Surrey County Council Operational Teams & Surrey Heartlands Operational Staff

**Annexes:**

Annex 1 – Surrey County Council Residential Care Home Portfolio

Annex 2 – Residential and Nursing Care: ‘Homes for the future’

Annex 3 – Residential and Nursing Projected Demand Modelling

Annex 4 – Residential and Nursing Care Strategy Equality Impact Assessment

**Sources/background papers:**

*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*

<https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CIId=120&MIId=6328&Ver=4>

*Community Vision for Surrey in 2030* <https://www.surreycc.gov.uk/council-and-democracy/finance-and-performance/vision-strategy-and-performance/our-organisation-strategy/community-vision-for-surrey-in-2030>

*Joint Strategic Needs Assessment (JSNA) for Surrey's Population*  
[https://public.tableau.com/app/profile/surrey\\_public\\_health\\_intelligence\\_and\\_insight\\_team/viz/JSNA\\_Surrey\\_population\\_published/Currentpopulationestimates](https://public.tableau.com/app/profile/surrey_public_health_intelligence_and_insight_team/viz/JSNA_Surrey_population_published/Currentpopulationestimates)

*Living Well in Later Life: Older People's Commissioning Strategy 2021 – 2030* [Living Well in Later Life - Older People's Commissioning Strategy 2021-2030](#)

*Older People's Residential and Nursing Care Home – Market Position Statement*  
[https://www.surreycc.gov.uk/\\_data/assets/pdf\\_file/0019/330166/MarketPositioningStatementv2.pdf](https://www.surreycc.gov.uk/_data/assets/pdf_file/0019/330166/MarketPositioningStatementv2.pdf)

*Strength Based Approach* <https://www.scie.org.uk/strengths-based-approaches/guidance/>

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