



SURREY COUNTY COUNCIL

CABINET

DATE: 27 OCTOBER 2020

REPORT OF: MRS SINEAD MOONEY, CABINET MEMBER FOR ADULTS
AND PUBLIC HEALTH

MR MEL FEW, CABINET MEMBER FOR RESOURCES

LEAD OFFICER: SIMON WHITE, EXECUTIVE DIRECTOR FOR ADULT
SOCIAL CARE

LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF
RESOURCES

SUBJECT: DECISION ON THE ROUTE TO MARKET FOR TWO EXTRA
CARE HOUSING SCHEMES

SUMMARY OF ISSUE:

A paper was presented to Cabinet in July 2019 setting 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 paper sets out Surrey County Council's ("the Council") proposed route to market for two sites proposed for Extra Care Housing. This will support our strategy to deliver accommodation with care and support by 2030 that will 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, achieve their potential and ensures nobody is left behind.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Approve the development of Extra Care Housing on the Lakeside and Salisbury Road sites owned by the Council set out in the paper;

¹

<https://mycouncil.surreycc.gov.uk/documents/s57815/16.%20Accommodation%20with%20Care%20support%20Cabinet%20report%20July%202019.pdf>

2. Approve that Extra Care Housing schemes are developed on these sites on the basis that the Council has 100% nomination rights for all of the units. This will mean that all of the units will be available to support people with Adult Social Care needs for whom the Council has a responsibility to commission care and support services to meet their eligible needs;
3. Approve the following delivery models for the development of Extra Care Housing on Lakeside, Frimley, Surrey Heath and Salisbury Road, Epsom, Epsom and Ewell sites:
 - a. External delivery through the tender for strategic development and housing management partner(s) as the preferred option.
 - b. In-house delivery whereby the Council would manage and fully fund the costs of the developments if the tender for strategic development and housing management partner(s) is not successful.
4. Grants approval to procure in order to enable a full tender process to identify an Extra Care Housing development and housing management strategic partner(s) for the Lakeside, and Salisbury Road sites set out in this paper;
5. In the event of in-house delivery, delegate decisions for:
 - a. the award of contract to a building contractor,
 - b. final agreement on tenure and lease arrangements,
 - c. agreements with the housing management partner,

Collectively to:

- d. Executive Director for Resources in consultation with the Cabinet Member for Resources,
- e. Executive Director for Adult Social Care in consultation with Cabinet Member for Adult Social Care.

REASON FOR RECOMMENDATIONS:

The development of Extra Care Housing on the two sites set out in this paper will represent a substantial contribution towards the Council's strategic objective to expand affordable Extra Care Housing provision by 2030.

Tendering for strategic development and housing management partner(s) to take forwards the development of Extra Care Housing on the Lakeside and Salisbury Road sites is consistent with previous decisions made by Cabinet. In October 2019 and July 2020 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 and the former Pinehurst Resource Centre sites through a tender process.

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

A tender was published in the Summer 2020 for an Extra Care Housing development and housing management strategic partner at the former Pond Meadow School site. This process provides the Council with learning and a template to inform any future tenders for further Extra Care Housing schemes.

By approving both delivery models for Extra Care Housing on the Lakeside, and Salisbury Road sites, in the event that the tender is not successful, the in-house delivery option can be employed. This will minimise delay in delivering Extra Care Housing at these sites.

Financial modelling for both options is set out in the Part 2 paper.

DETAILS:

Background

1. The two sites owned by the Council and identified for Extra Care Housing schemes are:
 - i. Field at Salisbury Road, Epsom, Epsom and Ewell
 - ii. Field near Lakeside, Frimley, Surrey Heath
2. 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 2028.

Key assumptions for Extra Care Housing developments

3. 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.
4. Initial feasibility sketches based on planning feedback and a review of the local area shows that these sites could provide circa 136 affordable extra care units. In total this means, if Cabinet were to approve plans to develop Extra Care Housing at the Lakeside and Salisbury Road sites, then when combined with the planned developments already approved on the Pond Meadow, Brockhurst and Pinehurst sites, that there are plans to deliver circa 43% of the council's strategic ambition.
5. To meet the Council's definition of affordability, rents and service charges must be set at levels within Local Housing Allowance for Extra Care Housing agreed with the Strategic Housing Authority. Extra Care Housing attracts a higher Local Housing Allowance, due to the communal areas, than would be provided for general needs housing.
6. National evidence and learning from Extra Care Housing schemes already used by the Council demonstrate the importance of maintaining an appropriate level of needs. The Council intend 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.
7. 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.
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support. As such, the Council's default approach is to develop 100% affordable schemes whereby the Council has nomination rights for all of the units. 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.

9. A separate procurement process will be conducted for the onsite care provider. The intention will be to seek Cabinet approval for the tender of the care and support provider via the relevant year's Annual Procurement Forward Plan.

CONSULTATION:

10. 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.
11. Pre-application meetings have been carried out with the planning departments of the relevant district and borough councils based on initial concept designs for the sites. These were well received, and ongoing discussions are underway.
12. In advance of publishing this report a briefing note has been circulated to senior planning and housing officers in the district and borough councils. Briefing meetings will be arranged with the relevant district and borough ward councillors and senior officers.

RISK MANAGEMENT AND IMPLICATIONS:

13. 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 Pond Meadow tender to inform the procurement approach for these two sites.
14. If the tender is not successful, then the Council will be able to employ the in-house delivery model. This will limit the delay in delivering Extra Care Housing at these sites.
15. 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. To mitigate against this risk, ASC will seek to identify individuals suitable for Extra Care Housing a year in advance of each sites 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.
16. A full marketing strategy will be implemented to promote interest in the schemes and provide a waiting list of suitable residents. This marketing requirement is included in the budget for the Accommodation with Care and Support Strategy
17. 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.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

18. 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:
 - i. 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 elderly 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.
 - ii. 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 typically being lower for people in extra care settings.
19. Modelling based on the planned usage of the Council's new affordable Extra Care Housing units indicates that the Council should achieve savings of £4,600 per unit per year, depending on the mix of affordable vs shared or private ownership units in a scheme, compared to traditional alternative forms of care. The development of the two sites proposed in this paper is expected to generate total care package efficiencies of between £563k and £595k per year.
20. 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. While this is, of course, very positive for people's wellbeing and independence, it 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

21. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain. The public health crisis has resulted in increased costs which are not fully funded in the current year. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected from next year onward, 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 stable provision of services in the medium term.
22. In this context, 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 that is more cost effective than traditional alternative forms of care. Plans to develop Extra Care

Housing and the associated care package efficiencies have been factored into the Council's Medium Term Financial Strategy

23. If Cabinet approves the recommendation to proceed with development of extra care housing schemes on the two sites, 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

24. The Council as the owner of the Lakeside and Salisbury Road sites, which it is seeking to develop for Extra Care Housing may dispose of, or develop, any land it owns.
25. If the preferred option of using an external delivery model involving engagement of strategic development and housing management partner(s) is adopted, the Council proposes to grant a lease to the partner to facilitate development. The Council is empowered to grant a lease; however, it would be necessary to show that best value has been obtained. This is a legal requirement under Section 123 of the Local Government Act 1972. To show best value has been obtained, the Council may need to show that it had taken specialist advice (external) confirming that this represented best value. Under Section 123(2) of the Local Government Act 1972 the Secretary of State's consent would be required before the Council could dispose of land at less than best value. The grant of a lease falls into the definition of a disposal under the Local Government Act 1972.
26. Existing rights and interests of the Council in land it owns are not affected by the Public Contracts Regulations 2015. Regulation 10 (1) (a) exempts such transactions from the Public Contracts Regulations 2015. When the Council is attempting to enter into contracts for acquisition or rental of land, the public procurement rules do not apply, however there are exceptions. If the party the Council are wishing to contract with is also undertaking some element of works or services, the public procurement regime may be evoked, which requires contracts in excess of the threshold to be tendered.

EQUALITIES AND DIVERSITY

27. 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.

SAFEGUARDING RESPONSIBILITIES FOR VULNERABLE CHILDREN AND ADULTS IMPLICATIONS

28. 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 IMPLICATIONS

29. In line with the Council's Climate Change Strategy and Government' Future Homes Standard, the Council will work with the development and housing management strategic partner(s) to ensure that design principles and build provide, at minimum, a 31% CO2 reduction when compared to current building regulations.
30. Providers will be asked to take the following approach when producing methodology on how they will reduce CO2:
- Be Lean – Fabric first
 - Be Clean – Efficient energy supply
 - Be Green – Low Zero Carbon/Renewables
31. Any potential development and housing management strategic partner(s) will have to outline within in their bid submission on how they will achieve a reduction in CO2 emissions through design and building operations. This will be built into the method statement questions and weighting criteria in the tender evaluation.

PUBLIC HEALTH IMPLICATIONS

32. Accommodation with Care and Support can positively impact on public health outcomes, including reductions in social isolation and/or 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:

33. If Cabinet approve the recommendations in this paper, we will:
- Begin preparations to go out to market for a development and housing management strategic partner(s) for these sites including market and stakeholder engagement and publication of an Official Journal of the European Union compliant tender.

Contact Officer:

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Annexes:

Annex 1 – Principles of Extra Care Housing

Annex 2 – Extra Care Housing 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?CId=120&MId=6328&Ver=4>
