

Cabinet

Dorset County Council



Date of Meeting	7 March 2017
<p><u>Cabinet Member(s)</u> Cllr Jill Haynes – Cabinet Member for Health and Care</p> <p><u>Local Member(s)</u> Cllr Kevin Brookes – County Councillor for Broadway Cllr Beryl Ezzard – County Councillor for Wareham Cllr Mark Roberts – County Councillor for Bridport</p> <p><u>Lead Director(s)</u> Debbie Ward – Chief Executive and Director for Adult and Communities</p>	
Subject of Report	Supply of Housing to meet needs of people with Adult Social Care need
Executive Summary	<p>Over the next 4 years it is estimated that we will deal with 258 clients who will need housing options for a range of reasons, including discharge from long-term hospital accommodation, moving on from home, or currently living in inappropriate accommodation.</p> <p>A range of housing provision has been considered, including: traditional design and build, purchase and refurbishment, and modular housing. The latter has significant benefits over build or purchase: firstly, modular accommodation can be sourced and on site within a 6-month period whereas the other options can take between 9 and 36 months; secondly it offers flexibility, whereas build or purchase can only be developed once the client's identity is known. With modular housing we can develop a portfolio of houses across the County thereby creating capacity that can facilitate and satisfy the immediate and mid-term demand. Thirdly, modular housing is considerably cheaper at £45,000 per unit against £100,000 for a house in multiple occupancy or £216,000 for single occupancy. There are no additional planning benefits, as under current planning regulations Modular Housing requires a full planning application.</p> <p>Modular accommodation has the potential to improve Client outcomes; it has become clear from discussions with operational staff that the right accommodation, matched by appropriate service provision can prevent hospital admission, enable efficient</p>

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	<p>service models, and give people the opportunity to live a more independence and control over their lives.</p> <p>Modular Housing has therefore been identified as being able to satisfy this demand providing low cost, good quality, robust housing for Adult Social Care clients.</p> <p>Five delivery options have been reviewed. The preferred option has two strands: 1) the Council uses capital borrowing to purchase 30 units (Option 3). This will result in the Council satisfying immediate demand, delivering 30 units across three identified sites by October 18. 2) To satisfy the demand over the next 4 years it is proposed to explore the potential to create a Joint Venture (JV) with a Registered Provider of Social Housing to deliver a further units of accommodation, to be put forward in a Detailed Business Case.</p> <p>This blend of option is likely to provide a lower risk profile, lower borrowing requirements while still meeting 50% of the housing requirements for modular housing in the next 15 months. It also aligns with the emerging Adult Social Care Asset Strategy.</p> <p>The JV option has the potential to provide revenue income in the form of the leasing of land to the JV and an income share arrangement, and this should be explored in full detail.</p> <p>The use of modular housing also provides the opportunity to reduce the current cost of service provision and enables cost avoidance in the future.</p>
<p>Impact Assessment:</p>	<p>Equalities Impact Assessment:</p> <p>An Equality Impact Assessment has been completed</p> <hr/> <p>Use of Evidence:</p> <p>Census 2011 Predicting Older Peoples Population Information Strategic Housing for Older People Analysis Tool Predicting Adult Needs and Social Information</p> <hr/> <p>Budget:</p> <p>The Capital Requirement is £1,500,000, to purchase 30 housing units, which is recovered over an 8 to 12-year period. It is proposed that this capital expenditure is allocated from the capital budget approved for the Bridport Connect building. This development if no longer required because the plans to develop a Care Campus in Bridport includes a requirement to develop a new Day Service building, from private investment finance.</p> <p>To illustrate indicative revenue savings and income generation, the use of modular housing could:</p>

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	<ul style="list-style-type: none"> • Generate a net rental income from 130 units of £132k over 10 years, JV model; • Generate site leasing income of £116k over 10 years; • Generate estimated service cost savings of between £3.7m and £4.0m over the 8 to 12 years. <p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: HIGH Residual Risk MEDIUM</p> <p>Risks:</p> <p>Inadequacy of current service provision. That expected rent levels are not achieved to repay the cost of capital and housing management. That over the housing management period the housing management provider delivers a poor quality or failing service</p> <p>Other Implications: None</p>
	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1) Approve the reallocation of £1,500,000 of capital budget from the capital budget previously allocated to the Bridport Connect development to the Modular Housing project to fund the purchase of the 30 housing units; 2) approve that a procurement exercise be carried out to purchase and install the initial 30 housing units; 3) Approve that a procurement process be carried out to appoint a Registered Provider to provide a housing management service for the 30 housing units. These units of accommodation cannot be managed in-house because we lack the expertise and infrastructure, and because of potential issues cause by Right to Buy. 4) Approve the undertaking of detailed planning to understand the potential benefits of a modular housing Joint Venture, including potential market appetite, confirmation of numbers, and identification of sites. This will be presented as a Detailed Business Case
<p>Reason for Recommendation</p>	<ol style="list-style-type: none"> 1) Reallocating capital to Modular Housing project will provide much needed housing capacity for vulnerable adults, enhancing their experience and providing the Directorate with the ability to generate service cost savings. £4.2m of capital expenditure was allocated to the proposed Bridport Connect

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	<p>project, and this is no longer required because the reprovision of Day Service assets in Bridport will be provided as part of the wider Bridport Care Campus project through private investment. The previously proposed hub plans could not be delivered within the allocated capital budget envelope.</p> <p>2) This procurement we will ensure that we satisfy Public Procurement requirements, and will give us a 'proof of concept' for modular housing demonstrating and confirming the levels of income generation achievable. It will also deliver units to satisfy urgent accommodation need over the next 6 months.</p> <p>3) This procurement we will ensure that we satisfy Public Procurement requirements, and will ensure the appointment of a quality-customer led housing management service.</p> <p>4) There is potential through a joint venture to deliver significant additional accommodation capacity, with a much lower investment and risk requirement. The potential ramifications of this approach should be explored in detail.</p>
Appendices	Detailed Business Case (To follow)
Background Papers	None
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1. Introduction

- 1.1 Over the next 4 years it is estimated that we will deal with 258 clients who will need housing options for a range of reasons, including discharge from long-term hospital accommodation, moving on from home, or currently living in inappropriate accommodation. In most cases this need will not be met by general needs housing via the Housing Register – the limited supply of available housing stock is not always appropriate for everyone with a social care need, and our clients are often not top priority for housing.
- 1.2 A range of housing provision has been considered, including: traditional design and build, purchase and refurbishment, and modular housing. The latter has significant benefits over build or purchase: firstly, modular accommodation can be sourced and on site within a 6-month period whereas the other options can take between 9 and 36 months; secondly it offers flexibility, whereas build or purchase can only be developed once the client's identity is known. With modular housing we can develop a portfolio of houses across the County thereby creating capacity that can facilitate and satisfy the immediate and mid-term demand. Thirdly, modular housing is considerably cheaper at £45,000 per unit against £100,000 for a house in multiple occupancy or £216,000 for single occupancy. There are no additional planning benefits, as under current planning regulations Modular Housing requires a full planning application.
- 1.3 To meet this demand will require the Directorate to invest in effective housing management resources, systems and processes, also designing and procuring flexible, robust and low-cost housing options. The benefits are:
 - 1.3.1 The creation of a portfolio of flexible housing units dedicated to this cohort of clients. That are also available to cope with emergency demand;
 - 1.3.2 The ability to create a flexible approach to housing management, allocation and demand management;
 - 1.3.3 The ability to develop housing to meet individual needs and timelines, but which can be used for other clients when the individual's timelines or needs change;
 - 1.3.4 Access to Transforming Care Programme funding, provided by NHS England for people with complex Learning Disabilities and/or Autism to prevent hospital admission, can be developed on a tactical and planned basis forming part of the portfolio of housing provision and encouraging development of partnerships with Registered Providers to provide the housing;
 - 1.3.5 The opportunity to work with private developers to provide housing as part of our portfolio.
- 1.4 We have considered five options, with option 1 - being maintaining the status quo; option 2 - were the Council purchase the 258 units and appoint a Registered Provider (RP) to deliver the housing management function; option 3 - the Council purchase 30 units to trial the concept and complete a proof of concept test bed, if successful the Council would purchase the balance of units. Appointing an RP to provide the Housing Management services. Option 4 - the Council carry out a procurement exercise and appoint an RP to procure and manage the 258 units and Option 5 – Develop and procure a Joint Venture (JV) model, who procure and manage the units.
- 1.5 The preferred option is a mix of Option 3 and 5 with the Council using its capital to purchase 30 units (Option 3). This will result in the Council satisfying immediate demand, delivering 30 units on site by October 18. To satisfy the demand over the next 4 years it is proposed to undertake further work to investigate and scope out Option 5, but for only 100 units. This blend of options provides a lower risk profile,

lower borrowing requirements and the ability to satisfy 50% of the housing requirements (258) for modular housing in the next 15 months. It is anticipated that we would use renewable, assured, short-hold tenancies, but this would be subject to further legal advice before proceeding.

- 1.6 The key financial benefits to this approach is: 1) to de-risk the Council's capital outlay and breakeven period and 2) optimise service cost savings that can result from the use of this type of housing to generate revenue income. The summary of financial benefits is:
 - 1.6.1 Minimal capital outlay of £1.5m required to deliver 30 housing units, repaid within 8 to 12 years;
 - 1.6.2 Generates a net rental income from 130 units of £132k over the 8 to 12 years, if our assumptions about the Joint Venture model are born out;
 - 1.6.3 Generates site leasing income of £116k over 10 years, under the Joint Venture model;
 - 1.6.4 Estimated service cost savings of £3.7m to £4.0m over 8 to 12 years, dependent on the service model.

2 Demonstrating the need to act

- 2.1 Through initial information-gathering as part of the Asset Strategy needs assessment, we have identified 258 people who currently need or who are very likely to need a housing option in the next four years. As more information is collected, this number is likely to increase – we are still awaiting information from some of our Community Mental Health Teams and Locality Teams. Of this number, 160 are identified as needing a housing solution within the next 12 months.
- 2.2 A characteristic of this housing need is the uncertainty over the discharge date for clients who are hospitalised. This is particularly the case for people with learning disabilities and/or mental health issues who have been sectioned under the Mental Health Act. In other cases people are living at homes supported by their parents but either want to make the transition to independent living, or their parents are increasingly struggling to manage their needs. Often there are specific and specialist requirements associated with the client group, which range from low need independent clients to those clients who require bespoke accommodation, such as those people who prefer to live in an isolated environment, or have behaviour that can challenge services or create risk when sharing accommodation with others. General needs housing via the Housing Register is unable to meet the needs of these people for a number of reasons. Some solutions are inappropriate – for example, Bed and Breakfast accommodation for people presenting as homeless discharges the statutory homelessness duty, but can often be detrimental to wellbeing of people with Mental Health problems. Private landlords and Registered Providers can be wary of granting tenancies to Social Care customers – often due to stigma and unfounded fears around behaviour and other tenancy issues.
- 2.3 A needs survey has been carried out by the Commissioning Team and this has demonstrated a significant requirement for this type of accommodation.
- 2.4 A range of housing provision has been considered, including traditional design and build, purchase and refurbishment and modular housing. The latter has significant benefits over build or purchase: firstly, modular accommodation can be sourced and on site within a 6-month period, whereas the other options can take between 9 and 36 months; secondly - flexibility, whereas build or purchase can only be developed once the client's identity is known. With modular housing, we will develop a portfolio of 130 houses across the County so creating capacity that can facilitate and satisfy the immediate need. Thirdly, modular housing is considerably cheaper at £45,000

per unit against £100,000 for a house in multiple occupancy or £216,000 for single occupancy (Rightmove data 2017).

3 Background

- 3.1 The Adult Social Care operational teams have identified two client cohorts that have a need for immediate housing. The first cohort is those clients that are on the Transforming Care Programme (TCP) register. This list contains clients with Learning Disabilities and/or Autism who are currently in a hospital setting, or who are at risk of admission to hospital. The lists are not complete and are currently being updated. From the completed lists from four of the six areas we know that there are 46 clients on the register, of which 7 clients are in a hospital setting. Aspirational discharge dates are recorded and NHS England require us to be actively working to bring people back into community-based in-county services. Discharge dates are affected by how ready the client is, and once the tribunal has deemed a client ready for discharge there is usually a very short window to put this into action. The TCP cohort also contains a client base of 11 clients who are currently accommodated but who are considered to be at risk of admission to hospital, in part due to the unsuitability of their current accommodation.
- 3.2 The second main cohort is people with Learning Disabilities (LD), who again require housing over the next 5 years and have specific and specialist housing requirements. There is a total of 200 clients across Dorset of which 130 require housing within the first two year. The remaining cases are from our Adult Mental Health teams, and more information is expected from these teams over the next month.
- 3.3 Some people within both cohorts may require specialist and specific types of accommodation and the ability for flexible, easily modified housing is required. Durability is also a key requisite as a minority of clients have behaviour that can challenge which may include destructive behaviour or may lead to greater than average wear and tear.
- 3.4 The overall requirement is 258 houses over the next 4-years and the schedule of housing need is contained in Table 1.

Locality	Shared	Night Support	Alone	Total
Purbeck	36	29	6	42
Weymouth/Portland	49	46	17	66
West Dorset	33	30	10	43
North Dorset	43	39	10	53
Christchurch	18	15	4	22
East Dorset	27	23	5	32
Total	206	182	52	258

- 3.5 Dorset County Council, working in partnership with Registered Providers, has been very successful in attracting funding from NHS England to develop new TCP-specific accommodation, but this is a relatively small number of houses per year, and is not sufficient to meet all expected demand. For the wider cohort of LD clients we either refer to vacancies in existing shared supported living schemes, or work with social investors to purchase or rent specific housing. In all cases, the supply is greatly outstripped by demand with a particular shortage of 1-bedroom accommodation, and the operational teams regularly struggle to find suitable housing.

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- 3.6 A further problem is the suitability of the current housing stock and clients are regularly deprioritised for re-housing due to being considered as already accommodated – either because they live in shared accommodation where in fact they need individual accommodation, or because they are living at home with parents but are at risk of family breakdown. People with learning disabilities and mental health issues are rarely considered a priority for housing through the housing register, and operational teams report discrimination due to a lack of understanding of learning disabilities and mental health issues among those registered providers who manage general needs housing stock. Generally, there is a reported reluctance of private and social landlords to accept Adult Social care clients, and current housing allocation policy does not go far enough to address this.
- 3.7 This led to research being carried out into alternative types of housing, and the opportunity to use portable prefabricated metal built housing has been identified as a preferred option. This can provide flexible, robust, portable housing to short timelines and at low cost to the Council. It can be clad to provide an attractive façade, and can be configured in multiple ways to suit a range of needs including mobility-adapted accommodation.
- 3.8 We anticipate that people will need to see how the modular accommodation will look and feel, and so our proposed plans include retaining one or two units across the county for Crisis Accommodation that can also be used in a ‘show-home’ capacity to help illustrate to customers and families what this option can offer. Images One and Two show early concepts of a proposed Modular Development on DCC Land in Wareham. Images Three to Six show photographs of interior living accommodation of one of the possible Modular Housing products available on the market.



Image One.

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Image Two



Image Three

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Image Four



Image Five



Image Six

- 3.9 A further reason for choosing modular housing is that it is a viable portable solution, in that it is factory built and comes to site fully built and furnished. The associated site works and utility connections are low cost and allow the units to be easily disconnected and the units moved to another site. This means that we can site the units to meet local demand on sites that the Council owns at relatively low cost. This lends itself to a model whereby sites identified for future development can host the modular housing prior to development often two to three years. For sites that have limited or no value then they can be used to site the units, providing longer term housing for clients.
- 3.10 This will require the Directorate to invest in effective housing management resources, systems and processes, also designing and procuring flexible, robust and low-cost housing options.

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- 3.11 The Council is well placed to develop this approach to social care housing, both in terms of land availability and the ability to generate “Meanwhile Use” income from sites that are designated for future development.
- 3.12 In terms of land we have identified potential sites that, subject to planning, can host the housing units prior to development, the initial sites are:
- 3.12.1 Fisherman’s Arms site, Bridport – 8 housing units. We are finalising our development proposals for care accommodation on this site with a target completion date of 2021, and our feasibility studies indicate that 8 units of modular housing can be sited here while long-term Supported Living accommodation is constructed.
- 3.12.2 Wareham Middle School Site, Wareham – 16 housing units. We have begun the development process to sit alongside the development of the DCHT Community Hub, which is predicted to reach completion in 2022. As above, this offers good use of the site pending long-term development.
- 3.12.3 A further nine potential sites have been identified within the Farm Estate and other land owned by the Council, such as land adjacent to Candys Farm in Corfe Mullen, and land adjacent to Littlemoor Library in Weymouth. The balance of units can be accommodated on one or more of these sites.
- 3.13 Meanwhile Use is where land that is earmarked for future development, usually a two to three-year period, is used to generate income from the period prior to the development starting, or aligned with the construction phasing to optimise the meanwhile period. Modular housing lends itself to this use as we can lease the land to the housing provider, so generating income. Once the long-term development requires the land to be released, the modular housing can be transported by lorry to an alternative site at a relatively small sum – circa £600 per unit.
- 3.14 An example of this working in practice is through the recent TCP funding round which saw East Borough Housing Trust (EBHT) and the Council receiving grant funding to fully fund 12 modular units to be located on Council owned land. This funding included lease payments from EBHT to the Council. This meanwhile use will optimise land use and provide revenue income to the Council.

4 Business Need

- 4.1 The requirement for 258 housing units has been identified in the emerging Adult Social Care Strategic Asset Strategy over the next 4 years, based on real-time caseload information provided by the locality teams.
- 4.2 The business need is therefore to firstly commission the development of the 258 housing units and secondly develop a housing management system that will deliver an effective housing management service.
- 4.3 This type of housing development is unique, as typically a housing provider is building housing based on general market demand and builds housing to meet this demand, satisfying it, on an as and when required basis. The housing provider would take the risk on not selling or renting the house on completion.
- 4.4 Our requirement is driven by the needs of individuals and the relatively unpredictable timescales for when accommodation is required. Equally for those clients who are at immediate risk of being hospitalised we need available housing stock, this currently is not available. We need therefore to commission housing based on individual need and defined timelines, whilst still maintaining flexibility, minimising development risk and developing low-cost options.

- 4.5 The need therefore is to move from the current practice of sourcing accommodation on a reactive basis, to one whereby we develop housing capacity to create a portfolio of options ranging from traditional build housing to modular housing, the latter to satisfy immediate on-demand need.

5 Options Appraisal

- 5.1 We have considered five options.

5.2 Option 1 – Maintain Status quo

- 5.2.1 This option has been rejected as the current housing provision does not meet the current or future needs of the service. This is demonstrated by the lack of suitable available accommodation to satisfy current and future demand. That it is reactive to need and therefore the client is often placed in unsuitable housing and importantly the client needs and experience is not fully optimised, leading to a worsening condition or admission to hospital. In cases where accommodation is sought, we are often not able to construct the most suitable support package for that individual since support is often tied into existing shared housing options, leading to some inefficiencies in support cost.

5.3 Option 2 – Purchase 258 Housing Units

- 5.3.1 The proposal is to directly purchase the housing units and appoint an RP to provide the housing management service. Within this option two variations have been reviewed: One, is to purchase all 258 units and two, purchase the 130 units identified in the Strategic Asset Strategy to satisfy the initial demand over the next 4 years – Phase 1.
- 5.3.2 Variation One has been rejected as the total capital requirement of £10.320m, plus interest repayment takes the total capital expenditure to more than £20m. This funding requirement is considered to be outside the borrowing capacity and risk appetite of the Council. The Asset Strategy also proposes a mixed approach to the housing provision (258) with a mix of modular and traditional housing required. Therefore, the figure of 130 units is the most sustainable and viable figure to use.
- 5.3.3 Variation Two, to procure 130 houses has advantages, i.e. it aligns with the Asset Strategy, providing 50% of the demand in the first 18 months of the 10-year plan. It has a lower capital outlay and risk profile and can be delivered within 15 months. The downside is that, whilst it requires a lower capital outlay at £6.0m (after HCA and/or TCP grant funding) it is probable that the Council does not have this level of capital to invest and the risk profile is still above acceptable levels, i.e. the payback period would be between 12 years with grant and 14 years without grant and requires a steady rental flow. If a 10% loss of rental income occurred the breakeven period increases to 16 years.
- 5.3.4 For the purpose of this business case, Variation one has not been considered due to the high-risk profile. Therefore, the financial modelling for this option is based on 130 units.
- 5.3.5 We have not yet identified sites capable of accommodating all 130 units of accommodation, so further work is required to do this.

5.4 **Option 3 – Purchase 30 Housing Units**

- 5.4.1 A similar approach to the previous option is proposed, with the exception that we purchase 30 units to act as a proof of concept phase. If successful, the proposal would be to purchase a further 100 units.
- 5.4.2 This has advantages, as it enables a qualitative and economic appraisal to be carried out and a gateway review to be held to decide whether to proceed to the purchase of the 100 units. It enables the operational and commissioning teams to test the concept across a holistic set of criteria including, the success of the allocations process, client experience, potential cost savings and capacity. A further advantage is that we can fast track the development by running the planning and procurement processes concurrently, with clients taking up occupancy in October 2018.
- 5.4.3 A further advantage is that this smaller number of units can be used to trial the implementation of the housing management systems that are being developed to compliment the development projects.
- 5.4.4 The downside is the potential loss of economy of scale, as it is likely to be more cost effective per unit to purchase 130 units rather than the 30 proposed.
- 5.4.5 We have already identified appropriate sites that can accommodate 30 units for the next 3 years

5.5 **Option 4 – Procure through Registered Provider**

- 5.5.1 This option minimises risk and does not require the Council provide capital funding. It would see the Council carry out a procurement exercise to appoint an RP who would procure and manage the 130 units.
- 5.5.2 Again, this has several benefits, other than funding and risk, including: a turn key approach to housing provision, enabling the Commissioning and Service teams to focus on their key roles; the development timelines would still be faster than tradition house building and short-term housing capacity is delivered within 18 months.

5.6 **Option 5 – Joint Venture**

- 5.6.1 Option 5 expands on Option 4 and proposes the development of a Joint Venture approach, whereby the Council carry out a procurement exercise to appoint a partner to create and implement a Joint Venture (JV) with the Council. The JV would develop and manage the 130 units under a joint venture agreement.
- 5.6.2 To minimise risk and avoid any injection of capital, the proposal would be for the JV partner to source the funding, provide the housing management service and possibly other services to produce a profit/income share that would be shared with the Council. This would generate a revenue stream for the Council and provide much needed housing capacity.

5.7 **Recommended Option**

- 5.7.1 Option 1 has been rejected as the current housing provision does not meet the current or future needs of the service.
- 5.7.2 Option 2 has been rejected as: the level of borrowing is considered to be outside the Council's borrowing capacity and risk appetite; the breakeven period is likely to be approaching 16 years, which is considered to be too long and there is no asset value at the end of their economic life – 20 years.

- 5.7.3 Option 3 has been selected as it aligns with the Strategic Asset Strategy the proposal being to procure 30 units as a test bed pilot, before purchasing the balance of units. Of all the options, this gets housing units on site by October 2018, which satisfies the immediate need. Whereas options 4 and 5 will require a procurement process, followed by a planning application, site enabling work and manufacture time, taking the timeline to March 2019. It is also a relatively low risk option.
- 5.7.4 Options 4 and 5 are similar in nature, i.e. we procure a Registered Provider and they purchase and manage the 130 units. The variation, is that Option 5 is structured as a Joint Venture and the Council and its Partner jointly manage the housing provision. Both options benefit the Council as no capital spend is required from the Council and we get housing units on site by March 19. Option 5 does provide a better return as the Council generates income from the leasing of land and a rental income share. It also provides a better level of management control for the Council. It is proposed that a Detailed Business Case is put together to fully explore Option 5, including full scoping of the payback model and identification of sites capable of accommodating these units.
- 5.8 The preferred option is a mix of Option 3 and 5 with the Council using its capital to purchase 30 units (Option 3). This will result in the Council satisfying immediate demand, delivering 30 units on site by October 18. To satisfy the demand over the next 4 years it is proposed to undertake a detailed business case to scope out the various Joint-venture options, test assumptions around demand and financial benefits, and to identify appropriate land to accommodate the units. This blend of options provides a lower risk profile, lower borrowing requirements and the ability to satisfy 50% of the 4-year housing requirements for modular housing in the next 18 months.

6 Financial Implications

- 6.1 The key financial benefits to this approach is: 1) to de-risk the Council's capital outlay and breakeven period and 2) optimise service cost savings that can result from the use of this type of housing to generates revenue income.
- 6.2 Cabinet will be aware that it approved the outline proposal for the care accommodation development in Bridport at their 6 December 2017 meeting. This will contain space for a new day centre service that will offer people the opportunity to spend their day in a meaningful way, offering the chance to socialise, learn improve or maintain skills, keep healthy and active, and make use of facilities that might not be available at home. For some people, this can also provide much-needed respite for family carers.
- 6.3 Traditionally this has been delivered through Day Centres, building-based services in which people would travel and spend their time. Increasingly, our aim is to ensure that people spend their time in and interacting with their wider community as far as possible, so the nature of Day Services will change over the next ten years.
- 6.4 The need for buildings that can accommodation large groups of people will decrease, and instead we will be looking for community focused meeting spaces that can offer appropriate care facilities and act as a jumping-off point for people to get out and about in their community and make use of more mainstream cultural, leisure, education, vocational, and entertainment facilities.

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- 6.5 The day centre space will not require funding as we are looking to the market place to design, develop and fund the Bridport development with no need for the Council to invest any capital funding. It is therefore proposed that we utilise the remaining capital budget that was allocated to the Bridport Connect Project to fund the purchase of the modular housing units by reallocating £1.5m from the approved £4.2m capital.
- 6.6 The summary of financial benefits is:
- 6.6.1 Minimal capital outlay of £1.5m required to deliver 30 housing units, repaid within 12 years;
 - 6.6.2 Generates a net rental income from 130 units of £132k over the 8 to 12 years, JV model;
 - 6.6.3 Generates site leasing income of £116k over 10 years;
 - 6.6.4 Estimated service cost savings of £3.7m to £4.0m over 10 years.

Purchase 30 housing units

- 6.7 The capital requirement is £1.5m (£1.3m plus a contingency of £200k, in the eventuality that TCP grant funding is not forthcoming). The proposal is to fund the cost of capital from the capital budget allocation for the Bridport Connect replacement building, as described above.
- 6.8 The cost of development is estimated at £1.96m, made up of capital, interest and fees. This will be recovered over a 12-year period (breakeven) from the net rental income and service cost savings.
- 6.9 "Income" will come from two sources: the first is the ability to receive income from rents paid through the Housing Benefits system to clients. This has been modelled on LHA rates - £96 per week, however, a proportion of clients will qualify for enhanced rent allowance, potentially of up to £300 per week. For the sake of prudence the financial model is based entirely on the LHA rate.
- 6.10 The second source is through service cost savings. The ability to produce savings is predicated on the relocation of clients from high costs care provision into modular housing. The rationale behind this is that that we can use the housing environment to create a more appropriate configuration of service, rationalising the ratio of care staff required, for example for sleep-in support; provide a more suitable home environment for clients, so reducing their care requirements or by co-locating housing enables services to be better integrated and more effective. Service modelling has begun and will be available for the final version of this business case.
- 6.11 The financial model uses a range of service cost savings to reflect the complexity of services provided. Hence of a 2% to 5% reduction in service cost over the 8 to 12 years (breakeven period). This results in savings ranging from £515k to £820k.
- 6.12 Whilst this has been used to achieve a break-even position, in this option 12 years, it is also important to point out the breakeven position calculated solely on the net rental income. The latter would mean that a breakeven position would be achieved in year 18. As a benchmark, Registered Providers would typically seek to recover the cost of housing development over a 25-year period. The benefit to the Council is that Adult Social Care can use the projected savings to reduce the revenue spend in line with the budget reduction programme.

Helen Coombes

Programme Lead for the Adult and Community Forward Together Programme

March 2018