

People and Health Overview Committee

13 June 2024

Extra Care Housing Strategy and Accommodation with Support Programme

For Recommendation to Cabinet

Cabinet Member and Portfolio:

Cllr S Robinson, Cabinet Member for Adult Social Care

Cllr G Taylor, Cabinet Member for Public Health, Environmental Health, Housing, Community Safety, and Regulatory Service

Executive Director:

J Price - Executive Director of People – Adults, Health, and Housing

Report Author: Adam Fitzgerald
Job Title: Programme Manager – Accommodation with Support
Tel: 01305 224253
Email: adam.fitzgerald@dorsetcouncil.gov.uk

Report Status: Part Exempt Para 3

Brief Summary:

Dorset Council's Adults and Housing Directorate has produced a Commissioning Strategy that sets out the Council's vision for Extra Care Housing in Dorset and a plan for increasing our supply of Extra Care Housing services. The Accommodation with Support Programme will manage the delivery of this plan.

The strategy establishes a vision for Extra Care Housing as an effective way to support people with multiple health and care needs whilst remaining independent in a home of their own. The approach provides an alternative to more institutional forms of care and provides a modern solution to enable people to remain more independent whilst also receiving care and support. To meet current and projected need, the strategy prioritises development of four new extra care housing schemes in strategic locations across Dorset.

The Accommodation with Support Programme has been established to take forward delivery of new housing with support services and is responsible for the delivery of these strategic aims.

The proposed delivery plan is to procure a strategic development partner who will work closely with Dorset Council to fund, develop, manage and maintain these four new schemes on Dorset Council sites over a period of 10 years.

Recommendation:

That the People and Health Overview Committee reviews and comments on the Extra Care Housing Strategy and Accommodation with Support Programme.

That the Committee make the following recommendations to Cabinet:

- 1) To adopt the Extra Care Housing Strategic Statement and Appendices as Dorset Council's publicly stated strategic direction as part of the suite of Adult Social Care Commissioning Strategies
- 2) To approve in principle the use of Dorset Council land assets to deliver these development projects, with the inclusion of specific sites to be agreed by the Executive Lead for the Place Directorate and in consultation with the Cabinet Member for Assets and Regeneration.
- 3) To approve public procurement for a Strategic Development Partner as the preferred delivery mechanism, and to approve commencement of this procurement process.
- 4) To delegate to the Executive Director for People (Adults) and the Executive Director for Corporate Development, acting jointly:
 - a. To agree the terms for the agreement with the Strategic Development Partner,
 - b. To award the Strategic Partnership Agreement to the preferred bidder. The final award decision shall be made in consultation with the Cabinet Member for Public Health, Environmental Health, Housing, Community Safety and Regulatory Service, and the Cabinet Member for Adult Social Care.
- 5) To approve that the terms of the property related transactions (whether freehold, leasehold, or contractual dispositions) will be agreed in project-specific development agreements with the selected Strategic Development Partner.
- 6) To approve that the decision to complete each development agreement will be taken by the Executive Director for People (Adults and Housing), the Executive Lead for the Place Directorate and the Executive Director for Corporate Development acting jointly.

Reason for Recommendation:

- 1) Extra Care Housing is a preferred service option for older people who need 24-hour Care and Support but who can remain independent in a home of their own with the right support. By setting out our strategic priorities, we give a clear signal to the market of our intentions and our commitment to increasing the supply of Extra Care Housing in Dorset.
- 2) The ability to include appropriate land sites in the strategic partnership should be a considerable incentive to the market and will provide Dorset Council with a greater ability to shape and influence each project. This gives the Council the opportunity to positively impact on scheme viability by foregoing a capital receipt in favour of benefits to the Adult Social Care revenue budget through cost savings and avoidances. Inclusion of sites in this project is subject to internal evaluation of any alternative uses for the site.
- 3) This has been assessed as the best way to increase the supply of Extra Care Housing in Dorset. This approach potentially gives the best chance to provide best quality and value with the least risk and financial impact on Dorset Council.
- 4) The decision to proceed to contract close is subject to successful execution of the procurement process and should proceed so long as the bids are considered acceptable and affordable in accordance with the stated procurement methodology. This shall be subject to the advice of the Council's solicitor with the advice of external legal and other professional advisers.
- 5) The strategic partnership will establish the overarching principles and framework under which individual project-based decisions will be made – this will include the mechanism under which land deals will be made. This shall be subject to the advice of the Council's solicitor with the advice of external legal and other professional advisers.
- 6) The decision regarding each land deal will be taken on a project-by-project basis under the recommendations stated in this report. It will not be possible to know enough detail of each land deal to seek approval until the projects are further advanced. All decisions shall be made in accordance with the Officer Scheme of Delegation, which requires that any agreement including a transaction value of more than £500,000 shall be approved by Cabinet.

1. **Extra Care Housing Strategic Statement**

1.1 The People Adults Directorate has produced an Extra Care Housing Strategic Statement 2024-39, and a brief summary is provided here. A more detailed summary is provided at Appendix 1, and the full Strategic Statement and Appendices are provided at Appendix 2.

1.2 The Extra Care statement supports the delivery of the council's 'A Better Life' plan and in particular the achievement of the following key outcome:

'People have access to excellent care and support in their home, both responsive short-term reablement and longer-term care, which always puts independence at its heart and helps people to continue to live independently for as long as possible, utilising equipment and assistive technology where appropriate.'

1.3 The statement provides clear evidence of the need for extra care housing across Dorset and the benefits new extra care homes will deliver over the next 15 years. This evidence, the housing demand and commissioning priorities it highlights, will be in alignment with the development of the Council's Housing Strategy and Local Plan.

1.4 The key benefits that the strategic statement is seeking to deliver are:

- a) More Dorset residents with long-term care and health needs living in a suitable and adaptable home of their own.
- b) Creating supportive communities with highly skilled staff; accessible communal spaces, modern technology enabled care and digital solutions, all of which can help people to live the way they choose and feel secure.
- c) A reduction in the use of more restrictive institutional care, particularly care homes.
- d) Maximising the independence of residents with care needs and reducing pressure on adult social care spending. Extra Care Housing can deliver significant revenue cost avoidances or cost savings of between £200,000 and £255,000 per annum per scheme compared to Residential Care homes.

1.5 The statement makes the evidence-based case for the development of new extra care homes, setting out the need and requirements for Extra Care Housing in each of Dorset's localities. This includes both the needs of residents who are eligible for Council funded care under the Care Act and who need affordable extra care homes, and the needs of homeowners and residents who arrange and fund their own care and support. This provides

the evidence for the Local Plan and Housing Strategy, covering the extra care housing demand amongst all of Dorset's residents and households.

- 1.6 Overall the statement maps out a new council commissioning framework for extra care housing. This framework not only ensures that Dorset can provide the extra care homes its residents need but can deliver the highly skilled care and support services, which maximise the design benefits of extra care housing to support the independence of Dorset's most vulnerable residents.

2 What is extra care housing?

- 2.1 Extra Care housing is accommodation comprising self-contained flats and generous communal spaces, with commissioned 24/7 onsite Care and Support services available to resident.
- 2.2 Extra care housing is designed to adapt to changing care needs and to the needs of people with disabilities, people who are socially excluded, and people with long term health needs.
- 2.3 Extra care is first and foremost a type of housing, and a person's individual home not a care home. Tenants have their own flats provided under a tenancy or lease, with their own fully accessible bedroom, bathroom, kitchen and living room.
- 2.4 Extra Care Housing is different from others forms of specialist accommodation for people with care needs such as Care Homes or Sheltered Housing.
- 2.5 Extra care housing offers people with complex care, health, and mobility issues the chance to live in a home of their own, designed to meet their care needs and which offers highly skilled staff alongside new care technologies, available to respond to their needs 24/7.
- 2.6 The schemes are designed to act as hubs within their communities, giving people the support they need to continue to enjoy and benefit from the opportunities and amenities in their neighbourhood, and by enhancing or adding to opportunities for community, leisure and social activities.

3 The evidence for Extra Care in Dorset

- 3.1 The strategic statement has been prepared based on extensive evidence gathering and analysis, and benchmarking and through comparing Dorset's

approach to extra care housing development and commissioning with other similar local authorities and with regional and national good practise.

3.2 Key drivers include:

- a) A significant and growing older persons population – currently 113,000 older residents, growing a further 32% by 2036
- b) 43% increase in the number of over 75-year-olds over the same period
- c) Significant rises in people with dementia (49%) and older people with mobility challenges (45%)
- d) Ongoing demand for suitable accommodation and support services for people aged 18-64 with mobility issues, learning disabilities, mental health conditions, and autism

3.3 The 2021 council housing needs assessment projects that the growth in the older population and care needs will require more extra care homes to be built by 2038. Four new extra care housing sites need to be developed over the next 5 years to meet current levels of demand in Dorset, with further development needed by 2038.

3.4 A more detailed summary of evidence and data is provided at Appendix 1, and the full Strategic Statement and Appendices are provided at Appendix 2.

4 Strategic Priorities

4.1 Based on this evidence and engagement across social care, housing, health and planning the statement proposes 5 key strategic priorities:

- a) Providing more well designed and fully accessible extra care homes
- b) Progressing current council led extra care housing developments at Bridport and Wareham
- c) Prioritising development of a further two council commissioned extra care sites in Weymouth and East Dorset
- d) Reviewing current sheltered housing schemes to consider suitability for refurbishment or redevelopment as Extra Care Housing
- e) Commissioning and funding a 24/7 onsite support and care model for new and existing schemes that provides both a safe and enabling background support offer, but also supports residents to

live life to the full, engage with their local community, and develop or maintain their social and leisure interests.

5 Accommodation with Support Programme

- 5.1 The Accommodation with Support Programme has been established to deliver the strategic priorities associated with Supported Living and Extra Care Housing. The programme is a strand of the Transformation, Investment, and Reform Programme in the Adults Directorate and reports via TIR into the Corporate Transformation Programme.
- 5.2 The Accommodation with Support Programme is responsible for several projects that focus on delivery of Supported Housing services, and the systems needed to make sure we use our supported housing services efficiently.
- 5.3 The strategic aims set out in the Extra Care Strategic Statement of progressing the two existing council-led Extra Care schemes and taking forward two further council-led Developments will be led and delivered by the Accommodation with Support Programme.
- 5.4 A more detailed summary of the Programme is provided at Appendix 3.

6 Extra Care Housing Strategic Development Partnership

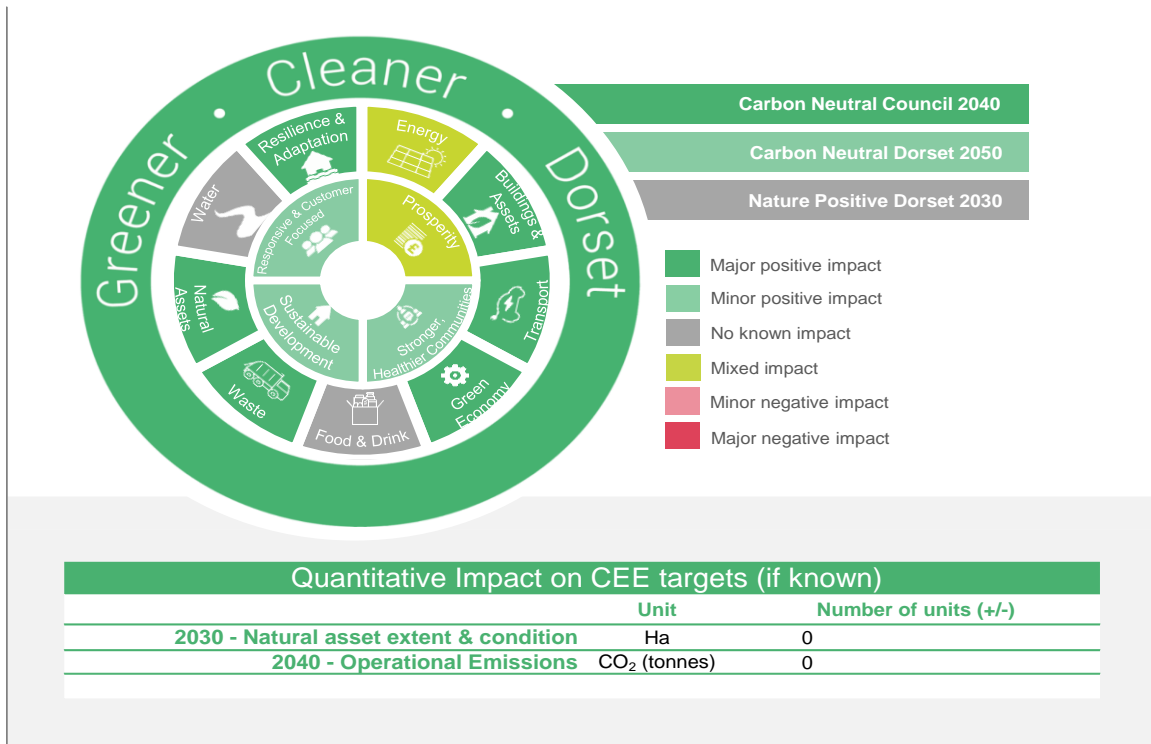
- 6.1 The proposed approach to delivering the four new affordable Extra Care Housing schemes in Dorset is through a third-party developer such as a Registered Provider of Housing or private developer of affordable specialist housing, who will acquire the site, fund, construct, own, maintain and manage the new schemes. Dorset Council will commission the care and support service in accordance with the new extra care housing care and support specification.
- 6.2 We have considered directly developing these schemes within the Council, but this is not considered possible or desirable due to the significant capital investment required, level of risk associated with the developments, and a lack of the expertise, experience and capacity needed in-house to develop and manage schemes of this scale and specialism. Altogether the partnership is expected to attract over £60m of investment into Dorset.
- 6.3 Dorset Council has considered and established the issues that it considers to be critical to the success of this project and has used this to inform the design of the governance structure and procurement route. The critical success factors include but are not limited to:

- 6.3.1 A shared vision for overall delivery with the Strategic Partner
- 6.3.2 Affordable end products for the end users – setting a minimum proportion of properties to be provided as affordable while giving the partner enough flexibility to use a mix of tenures to ensure overall viability
- 6.3.3 Nomination rights for Dorset Council into the affordable housing created, which is critical for making sure the schemes are used for people with social care need and can therefore deliver saving and cost avoidance targets
- 6.3.4 Ensuring the suitability of buildings created for long-term provision of care and support through design specification and ongoing maintenance plans including long-term sustainability and flexibility.
- 6.4 Following market engagement feedback collected in Summer and Autumn 2023 and accounting for the commercial advice and support provided by Atkins-Realis, the recommended approach is to procure and contract a Strategic Development Partner to lead the development of all four schemes over a 10-year period. This will be further tested and confirmed through pre-launch Market Engagement planned for early June 2024.
- 6.5 At this stage it is premature to assess the detailed financial implications of the partnership, but members and officers should be aware that current financial modelling shows a risk that additional subsidy will be required to make the schemes deliverable and achieve the projected long term financial benefits for the Council. There are several ways to bridge the modelled gap in viability, and this could take the form of capital investment, allocating of land to defray the costs by mixed tenure developments or allocating the proceeds of sale of other developments. The development partner may be able to extend the borrowing period on finance, adjust the modelled rent levels, or cross-subsidise from other developments in their wider portfolio. If enhanced grant rates from Homes England should be received, then these risks will be mitigated or overcome.
- 6.6 Dorset Council's Assets and Regeneration Service are in the process of identifying suitable development sites within the Dorset Council estate in the key locations. Sites in two locations (Bridport and Wareham) are already identified and allocated to the project. Site options in Weymouth and East Dorset are currently being reviewed for suitability and priority in order to allocate the 3rd and 4th site locations. The governance arrangements for the Strategic Development Partnership will set out the mechanism for agreeing the terms under which sites will be transferred to

the Development Partner and will be subject to final approval on a project-by-project basis. By putting land sites into the project Dorset Council can significantly increase the influence we have over the final developments as well as helping to ensure affordable Extra Care schemes are financially viable.

- 6.7 There are several potential routes to market for this opportunity. The recommended procurement route is the Competitive Dialogue process which invites tenders on the open market, although the potential to deliver this project via a preexisting Development Framework is also being explored. This will be a topic for discussion and feedback at the Market Engagement planned for early June. Both options ensure a robust and compliant procurement process.
- 6.8 The current draft (Stage 2) of Atkins-Realis's Commercial and Procurement advice report, which provides detailed context for all of the points raised above, is included at Appendix 4.
- 6.9 Management of the procurement process will be led by the Accommodation with Support programme, supported by Legal Services, Procurement, and Finance. External procurement support will be provided by Atkins-Realis, and external Legal support will be provided by Sharpe-Pritchard.

2. Natural Environment, Climate & Ecology Implications



There are opportunities for Extra Care Housing to be developed to high standards of environmental sustainability in excess of what is expected under Building Regulations, and this is being explored through market engagement conversations. The first Passivhaus Extra Care housing scheme has recently been completed in Exeter, but no providers have managed to deliver a Net Zero Carbon extra care housing scheme to date.

It is generally accepted by the market that schemes should take a fabric-first approach to efficiency, should incorporate onsite generation where possible, but there remains uncertainty around systems for providing heat and hot water – particularly where affordability and ease of use is of paramount importance to residents.

As has been noted elsewhere in this report, the viability of affordable Extra Care housing is marginal, and so sustainability requirements in excess of Building Regulations may require additional subsidy to ensure schemes remain viable.

3. Well-being and Health Implications

Creation of new specialist affordable housing in Wareham is expected to have considerable health and wellbeing benefits for the population in Dorset. The benefits are explored fully in the appended Extra Care Strategy.

4. Other Implications

This project has implications for Assets and Regeneration as the recommended delivery solutions require transfer or sale of land to a Strategic Development Partner. The specific details of this will be established through the Partnership and subject to project-by-project approval at appropriate points during the life of the partnership.

5. Risk Assessment

5.1 Having considered the risks associated with this decision; the level of risk has been identified as:

Current Risk: MEDIUM

Residual Risk: MEDIUM

6. Equalities Impact Assessment

TO FOLLOW

7. Appendices

Appendix 1 – Extra Care Strategic Statement Summary

Appendix 2 - Extra Care Housing Strategic Statement and Appendices

Appendix 3 - Accommodation with Support Programme Plan May 2024

Appendix 4 – Commercial and Procurement Advice – Extra Care – Stage
2 Report (Exempt)

8. Background Papers

9. Report Sign Off

11.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring

Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)