



**CABINET – 15 JULY 2014**

**DEVELOPING EXTRA CARE HOUSING IN LEICESTERSHIRE**

**JOINT REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES  
AND THE CHIEF EXECUTIVE**

**PART A**

**Purpose of the Report**

1. To highlight an immediate opportunity to develop additional extra care housing in Charnwood Borough and to seek approval of funding for the proposal by means of an exception to Contract Procedure Rules.

**Recommendations**

2. It is recommended that:
  - a) Subject to b) below approval is given to support the development of a new extra care housing scheme in Charnwood Borough by East Midlands Housing and Regeneration Limited (EMH) with the allocation of up to £1.560m as a capital contribution towards the cost of the scheme, including £260,000 of the County Council's New Homes Bonus (NHB) for 2014/2015;
  - b) The Director of Adults and Communities and Chief Executive, following consultation with the Director of Corporate Resources and County Solicitor be authorised to:
    - i) make a final decision on whether to commit funding to the scheme referred to in a) above;
    - ii) conclude any necessary agreements to give effect to this decision in respect of capital funding, including the acquisition of any nomination rights that the County Council will acquire in the new accommodation;
  - c) An exception to the Council's Contract Procedure Rules be granted to allow for any contracts referred in b) above to be entered into without undertaking a procurement exercise;
  - d) Funding from the 2014/15 NHB revenue budget be transferred to an ear-marked fund specifically held to support extra care projects;
  - e) A further report be submitted to the Cabinet at its meeting in October 2014 setting out further detailed proposals for 2014/2015 NHB investment.

### **Reason for Recommendations**

3. The Leicestershire Extra Care Housing Strategy 2010-2015 makes a commitment to increase the number of extra care housing schemes in the County during the Strategy period.
4. The proposed scheme would help ensure that the County Council makes the best and most appropriate use of the NHB received from Government for 2014/15. However, failure to achieve the required the Homes and Communities Agency (HCA) funding or other significant changes to the proposal would result in the Council needing to review its support, including any agreed financial contribution.
5. Granting an exception to the Contract Procedure Rules will allow for contracts to be entered into without undertaking a procurement exercise, as the contracting parties will all be in place.

### **Timetable for Decisions (including Scrutiny)**

6. Subject to the recommendations in this report and necessary planning consent, it is anticipated the new scheme would start on site during 2014/15.

### **Policy Framework and Previous Decisions**

7. The White Paper '*Our Health, Our Care, Our Say*', published in 2006, sets out a framework for adult social care in the future and expects local authorities to work strategically with partners to promote independence and provide opportunities for greater choice and control for service users. The Department of Health (DoH) expects all local authorities to continue to develop alternatives to residential care.
8. Enabling vulnerable adults to live as independently as possible in their own homes with choice and control over the services they receive will support the delivery of government policy as set out in DOH guidance 'A Vision for Adult Social Care: Capable Communities and Active Citizens' and the good practice guidance put together by the national partnership made up of the Association of Directors of Adult Social Services, the Local Government Association, and DOH 'Think Local, Act Personal: Next Steps for Transforming Adult Social Care' by providing choices and supporting individuals to participate in their communities.
9. The Care Act 2014 maintains the current policy direction that is likely to continue for the foreseeable future.
10. At its meeting on 15 December 2009, the Cabinet considered a report regarding progress with the development of alternatives to residential care through appropriate housing provision, and approved the Leicestershire Extra Care Housing Strategy for 2010-2015. An update to the Cabinet in February 2011 noted difficulties in accessing capital contributions to support the development of additional extra care provision and the impact of this on the deliverability of the target for 500 additional extra care places by 2015.
11. The Leicestershire Joint Strategic Needs Assessment (JSNA) 2012 Refresh predicts that by 2025 the number of people aged over 75 years is expected to increase significantly and the number of older people in Leicestershire aged 85+ is set to

double between 2008 and 2026. The JSNA reports that the use of residential care in Leicestershire is decreasing and more people are being supported to live in the community. In order to ensure this trend continues into the future, substantial investment in services such as supported housing is needed.

12. The County Council's Medium Term Financial Strategy (MTFS) 2014/15–2017/18, including the 2014/15 revenue budget and capital programme, was approved by the County Council on 19 February 2014. The MTFS sets out a new vision for the County Council and a new Target Operating Model (TOM) which reflects the imperative to adopt a much more integrated approach to prevention and early intervention so that fewer people become reliant on costly public services.
13. The County Council's Strategic Plan was approved by the Council on 21 May 2014. It sets out high priorities and supporting actions and targets for the Council over the next four years and aligns with the MTFS.
14. Leicestershire's strategic outcomes were agreed by the Leicestershire Together Board in March 2012. They include:
  - i) A priority outcome on the ageing population: that services are designed to mitigate the impacts of an ageing population and enable older people to live independently for longer;
  - ii) An outcome and sub-outcome on affordable housing: that housing supply meets the needs of Leicestershire people, and more affordable housing within mixed and sustainable communities.

### **Resources Implications**

15. Development of new extra care housing will potentially require the County Council to invest in the following areas:
  - a) A capital or asset contribution towards new build or refurbishment costs. This element has increasing significance since external grant funding has become more difficult to access in the current financial climate;
  - b) Through the provision of care packages for extra care residents (allocation of funding for care packages would be made in line with County Council rules on eligibility criteria);
  - c) Through the commissioning of support services.
16. The Cabinet has previously agreed that the capital receipt from the transfer of the Council's nine Elderly Persons Homes would be available for investment in new extra care schemes, subject to an appropriate business case. The amount remaining prior to this proposal was £1.895m and it is expected that £595,000 will remain after making a capital contribution to this scheme.
17. Extra care housing gives the opportunity for service users to access sources of funding that are not available to them in residential care, and thus provides the potential for longer term efficiency savings for the Council. Indicative savings of £250,000 are included in the current MTFS from 2015/16 onwards.

18. In January 2013, the Cabinet agreed that in 2013/2014 and 2014/2015 an allocation of £490,000 per annum of the County Council's NHB be made to provide homes for older people and affordable homes in rural communities, subject to appropriate funding contributions being made from District Councils, with the intention being to focus on extra care housing schemes.
19. The 2014 MTFs includes £0.5m NHB funding for 2014/15. The development is not expected to complete until the end of 2015/16 at the earliest. To facilitate the matching of funding to spend profile, it will be necessary to transfer the £260,000 of this revenue funding to an ear-marked fund specifically held to support extra care projects.
20. The Director of Corporate Resources and County Solicitor have been consulted on the contents of this report.

### **Circulation under the Local Issues Alert Procedure**

Mr. J. Miah CC, Ms. Betty Newton CC, Mr. Max Hunt CC, Mr. R. Sharp CC, Mr. P. G. Lewis CC

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**PART B****Background**

21. Officers from the Adults and Communities and Chief Executive's Departments have been working closely with District and Borough Councils and housing providers to implement the Extra Care Housing Strategy. This has included aligning NHB funding priorities to the development of extra care to provide a co-ordinated County Council approach.
22. A request was made in January 2014 to District Council housing officers, relevant housing associations, and the Rural Housing Enabling function (which is currently hosted by Midlands Rural Housing within the East Midlands Housing and Regeneration group), for details of potential 'shovel ready' extra care and rural affordable housing schemes. This resulted in several potential schemes coming forward, including a new potential extra care housing scheme in Loughborough.
23. The proposal comprises a 60 unit scheme at Derby Road, Loughborough as part of a larger development that will also provide 10 bungalows and 24 two and three bed homes for rent and shared ownership. The site is well located close to amenities and the town centre. The scheme is supported by Charnwood Borough Council. The site is under conditional contract to Westleigh Development Ltd, EMH's developer partner to deliver the scheme. Both EMH and Westleigh are on site developing the extra care scheme in Blaby which has County Council funding support. This site will be their second extra care development together.
24. The Derby Road scheme has been considered against the 'shovel ready' criteria for extra care schemes used to determine NHB funding (set out in the Appendix). In addition, the scheme has been assessed against criteria for investment in new extra care development agreed by Cabinet on 16 January 2013. This assessment considers the following principles:
  - i) Opportunities should be in one of the ten priority areas identified in *Meeting the Need for Extra Care Housing in Leicestershire 2012*;
  - ii) Opportunities will need to demonstrate payback of any investment within 25 years, based on the Council's revenue funding model, developed to assess potential savings through providing extra care services as an alternative to residential care;
  - iii) Capital costs related to potential development opportunities will need to align with the Council's capital cost model, developed to provide a benchmark in relation to build costs and service charges;
  - iv) Deliverability must be assured, including consideration of:
    - Suitability of the proposed site;
    - Planning status;
    - Timescales;
    - Sustainability;
    - Partnerships.

25. The proposed Derby Road scheme performs very well against both sets of criteria.
26. The estimated total cost of the proposed extra care scheme is £9.5m. Given the scale and nature of the proposal funding is required from various partners; EMH will be providing 67% of the funding, 17% is sought in grant from the HCA and 16% is sought from the County Council.
27. An application has been submitted to Charnwood Borough Council's Growth Support Grant to secure funding towards this proposal. The outcome of this is not yet known but, if successful, could reduce the percentage of funding sought from the County Council.
28. In April 2014 the Adults and Communities Department provided 'in principle' officer support, subject to Cabinet approval, for the direction of £1.3m from Council capital towards this scheme and £260,000 from the Council's NHB. This was necessary to strengthen the bid to the HCA for grant funding. The Cabinet is now requested to formally consider and agree to this funding being directed towards the proposed extra care scheme at Derby Road, Loughborough.
29. The scheme has been considered by the Extra Care Programme Board in line with the criteria outlined in paragraph 24 above and as a result of the proposal meeting the requirements in full, the Board is supportive of the proposal. However, failure to achieve the required HCA funding or other significant changes to the proposal would mean the Council would review its support of the proposal, including any agreed financial contribution.

### **Background Papers**

- Report to Cabinet – 8 February 2011: Progress on Taking Forward the Development of Extra Care Housing in Leicestershire –  
[http://politics.leics.gov.uk/Published/C00000135/M00003121/AI00027377/\\$Fprogresswithextracarehousing.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003121/AI00027377/$Fprogresswithextracarehousing.doc.pdf)
- Report to Cabinet – 6 March 2012: Progress on Taking Forward the Development of Extra Care Housing in Leicestershire -  
[http://politics.leics.gov.uk/Published/C00000135/M00003389/AI00030549/\\$Fextracarehousingstrategyprogressreport.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003389/AI00030549/$Fextracarehousingstrategyprogressreport.doc.pdf)
- Meeting the Need for Extra Care Housing in Leicestershire (March 2012) – Link to be provided – please contact the report author
- Leicestershire Joint Strategic Needs Assessment 2009 -  
[http://www.lsonline.org/reports/leicestershire\\_joint\\_strategic\\_needs\\_assessment\\_jsna\\_2012\\_key\\_documents](http://www.lsonline.org/reports/leicestershire_joint_strategic_needs_assessment_jsna_2012_key_documents)
- Report to Cabinet - 20 November 2013: New Homes Bonus 2013/2014; Supporting the delivery of Extra Care homes for the ageing population and affordable homes in rural communities  
[http://politics.leics.gov.uk/published/C00000135/M00003636/AI00036279/\\$6newhomesbonus201314.docA.ps.pdf](http://politics.leics.gov.uk/published/C00000135/M00003636/AI00036279/$6newhomesbonus201314.docA.ps.pdf)

## **Appendix**

### Shovel Ready Criteria for Extra Care schemes

#### **Relevant Impact Assessments**

##### Equality and Human Rights considerations

30. The provision will be developed in accordance with the County Council's public sector Equality duties and responsibilities under the Human Rights Act 1998. With this in mind, an earlier Equality Impact Assessment (EIA) was produced to assess progress against actions contained in the Extra Care Strategy 2010-15. The findings in this document will be used in the development of all Extra Care schemes such as Derby Road. The improvement plan attached to that EIA is currently being reviewed and updated to take account of the Human Rights considerations that are now recorded in the County Council's new impact assessments (renamed EHRIAs).
31. Provision of extra care housing services is aimed at enabling vulnerable people to maintain their independence. The Extra Care Housing Strategy will ensure that a range of services are developed that meet the diverse needs of all communities in Leicestershire.

##### Environmental Implications

32. The drive to improve energy efficiency in buildings and to reduce carbon emissions from energy use is likely to result in tougher standards for new and renovated buildings in the near future. Any future specification in relation to new buildings and renovation of buildings will include requirements for high energy efficiency standards.

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