

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO ADULT SOCIAL CARE OVERVIEW AND SCRUTINY COMMITTEE

22 JUNE 2015

REPORT OF THE CORPORATE DIRECTOR – SOCIAL SERVICES & WELLBEING

DEVELOPING EXTRACARE HOUSING

1 Purpose of Report

- 1.1 The purpose of this report is to provide the Health and Wellbeing Overview and Scrutiny Committee with an update on the work being undertaken to develop new models of service for older people, through the transformation of traditional forms of residential care into Extra Care Housing Schemes for the future.

2 Connection to Corporate Improvement Plan / Other Corporate Priority

- 2.1 This report links to the following improvement priorities in the Corporate Plan:

- Working together to help vulnerable people to stay independent;
- Working together to make best use of our resources.

Plus the following background documents:

- Adult Social Care Commissioning Plan 2010 – 2020: Living Independently in Bridgend in the 21st Century;
- The Council's Housing Strategy 2009 – 2014;
- The Western Bay joint commitment "*Delivering Improved Community Services*"
- The Remodeling Adult Social Care Programme;
- Medium Term Financial Strategy (MTFS).

3 Background

- 3.1 The Adult Social Care Commissioning Plan identified as a priority the transformation of residential care by developing new models of service which are more sustainable and which enable people to remain within the community in support services such as extra care. These new models of service will give greater choice to citizens to remain in affordable care provision within their local community.
- 3.2 The challenges that arise from an increase in the number of older people, and in particular those aged 80 and over are well established and understood. Between 2014 and 2020, the 65 and over population is estimated to increase by 12.1% whilst the number of people within the 85 and over age group is projected to increase by 24.4%.
- 3.3 Although the existing in-house residential services offer quality provision, in reality the model of care is out of date and the buildings are old and not future proof. Whilst they are largely compliant with current Care and Social Services Inspectorate Wales (CSSIW) minimum physical standards, the Authority's current financial position will make it more difficult to continue to meet the on-going structural, mechanical and electrical needs of buildings of this nature and age.

- 3.4 It is recognised that the funding model for ECH is more cost effective than residential care and that this type of model and financial structure would enable significant savings to be made. The mean net cost per person/week in ECH is £107.00, comprising £93.00 social care and £14.00 housing support, compared to around £500 per person/week for residential care for a full charge payer.

4 Current situation / proposal

- 4.1 In November 2014, Cabinet approved the option for the Council to seek Registered Social Landlords (RSLs) to develop two ECH schemes across the County Borough. Under the approved option, the Council will continue to manage its care home portfolio, and will work with the RSL market to encourage the development of ECH through market facilitation processes.
- 4.2 Once the two new Extra Care schemes have been developed, they can replace three of the existing Council care homes. The volume of ECH units required is, in part, dependent on the commercial case with an RSL. However, if ECH is to act as a replacement to three residential care homes there would be a requirement from the Council's perspective for 90 units of ECH to be sought from the RSL provider, although the potential development of ECH will be a matter for the RSL. Bryn y Cae will remain within the Council's portfolio and will continue to deliver residential reablement services.
- 4.3 All four existing residential homes will be retained in the interim period, whilst the ECH schemes are developed. Residents, staffing (from the perspective of potential location) and revenue resources will be transferred from the existing three (excluding Bryn y Cae) residential care homes, as appropriate, into the new extra care models as they are developed.
- 4.4 This will give the Council the ability to manage its workforce as the services transfer from existing care homes into ECH by transforming the model into a domiciliary care model. As part of the transformation plan there will be a clear approach to supporting existing residential care staff, in order to help them prepare for working in a different way within the ECH schemes.

Land

- 4.5 A comprehensive review of Council owned land has taken place to identify possible sites that could be used for the development of ECH, taking into account service requirements (this includes ensuring that the level of provision for older people is appropriate across the three community network areas), land values and existing capital receipt commitments.
- 4.6 Land options are currently being considered, as the plan is to develop a 30 to 40 bed ECH in the Maesteg area on around 1 to 1.5 acres of land, and a 50-60 bed unit in the Gateway to the Valleys area on around 2 to 2.5 acres of land. During discussions at informal Cabinet on the 15th April 2015, members wanted officers to re-consider the land options for ECH. Cabinet members felt that the Former Archbishop McGrath School site (Tondu) would be a better option for the development of ECH as the Ysgol Bryn Castell site is not located near to the 2 local authority homes in scope. Members requested that officers develop an updated

options appraisal regarding the land and to include the viability of the Archbishop McGrath site.

- 4.7 When the options appraisal has been considered and the sites have been agreed, detailed analysis will be undertaken in relation to; access to public transport for service users and visitors, and numbers of car parking spaces at the proposed ECH sites, which was highlighted at the Health and Wellbeing OVSC meeting in February 2015.
- 4.8 Further discussions have been undertaken with Linc (Housing Association in the Ogmere Valley) to explore the opportunity to upgrade the current sheltered housing model. It is positive that Linc are keen to work with the Council to develop this scheme so that it is more aligned to extra care and will be able to offer alternatives to residential care. However there is the possibility that Linc may require some financial support from the Council in order to upgrade the existing building in order to make it suitable for an ECH model of care and support.

Market value

- 4.9 In February 2015, the RLSs who have been interested in developing ECH were invited to submit proposals and each submission was be scored against a range of key areas.
- 4.10 The submitted proposals identified a gap in funding. This in part is due to the lack of availability of social housing funding, which has come to the forefront. Nationally all ECH schemes that have been built up to this point have had some level of social housing grant. There is an opportunity to have further discussions with the RSL's to try and negotiate the most affordable opportunity.
- 4.11 The gap in funding is a reflection of the current financial market and RSL's ability to generate capital funding for the building costs. The additional challenge is that housing associations need to ensure that they charge affordable rent levels, which can impact on their borrowing as the rents are the main source of income to offset the capital costs. The two proposals that were received clearly demonstrate the financial impact for the RSL sector to build affordable housing due to the lack of social housing and social financing from Welsh Government to support the development of ECH.
- 4.12 The plan was to sell the land at market value. The initial report to Cabinet in November 2014 highlighted that the Council would not be providing any capital to the successful provider, and there will be no obligation on the RSL provider to undertake any works or services for, or on behalf of, the Council and, as such, there is no requirement to run a procurement exercise.
- 4.13 A further complexity is that any form of subsidy provided by the Council (i.e. in relation to the land value and/or contribution towards capital costs), could then mean that this is not a straight forward land sale. We may have to go follow a procurement process and/or also be caught by the state aid rules. which could impact further on the timescales below that have already slipped:

Timescales

- 4.14 The timescales previously reported to Cabinet have slipped as we had planned to appoint an RSL by January 2015. These timescales were:
- Undertake process to appoint an RSL to be given the opportunity to develop ECH – November 2014 – January 2015,
 - Firm up preferred sites, commence site due diligence and complete planning process – January 2015 – January 2016;
 - Strategic provider to potentially build ECH – January 2016 – June 2017;
 - Wind down internal schemes and undertake transfer – from mid-2017.
- 4.15 It is also important to note that the above timescales are dependent on when the land becomes available and the planning and development process, which can be vulnerable to delay. Any delay could impact on our ability to wind down the existing schemes and meet the savings profile in the MTFs.
- 4.16 Following receipt of the submissions, there have been ongoing discussions with the RSL's to keep them involved in the process and to ensure that they do not lose interest in working with the Council.
- 4.17 Running in parallel to the discussions with the RSL's, specialist legal advice has been sought from Counsel as the original plan was to sell the land at market value, with no subsidy being given by the Council (i.e. land value and contribution towards the capital costs). Counsel has specifically been asked:
- a) To clarify the process that needs to be followed to enable the Council to negotiate with RSL's in order to close the gap in funding;
 - b) Whether state aid would apply and any requirement for the counsel to notify the European Commission

Committee is advised that Counsel's opinion has very recently been received and officers are working through the implications of the advice with legal colleagues to determine an appropriate scheme which will close the funding gap while avoiding any risk of state aid.

- 4.18 Detailed financial profiling is being undertaken to determine the realistic level of financial contribution that the Council could make available towards ECH, in keeping with accounting rules and the Council's statutory requirements. This analysis will consider the cost benefit/effectiveness analysis of any proposed Council investment (comparing the do nothing option with the ECH proposal) to realise the service transformation and revenue savings.

5 Effect upon Policy Framework and Procedure Rules

- 5.1 There is no impact on the policy framework and procedure rules.

6 Equality Impact Assessments

- 6.1 An equality impact screening was carried out in advance of the report to Cabinet in November 2014.

- 6.2 A full Equality Impact Assessment will be undertaken within 3 years of the initial screening, to allow for the development of ECH to be completed.

7 Financial Implications

- 7.1 The Council's limited capital resources prevent it from developing the two ECH schemes that its strategic analysis indicates are required. If suitable land is not secured to attract an RSL provider, then there is a risk that ECH may not be developed (or not developed in time to make an impact on the identified MTFS savings targets). This would leave the Council in a position where it has to retain the existing care homes, which are traditionally high cost models of care. The existing care homes are not future proofed and may require capital investment to meet regulatory requirements in the future, which could require further financial investment.
- 7.2 The ECH developments, once they are fully operational, are expected to achieve annual savings from the first year, with the level of savings growing each year to realise between £992k (only ECH units) and £682k (including 20 units of residential care) per annum by the fifth year. The levels of savings are dependent on whether there are residential units built into the ECH model as the savings are reduced when residential units are included. A detailed financial profile is being developed, which will need to involve detailed discussions with the RSL regarding the viability of residential units within the ECH schemes.
- 7.3 The development of ECH is a more affordable model to residential care, although these savings are not immediate and will occur in the medium to longer term. There will be a need to meet some up-front costs and commitment to a period of guaranteed funding to the provider in the short to medium term, but with significant payback over the medium to long term.
- 7.4 It is recognised that the delay in appointing an RSL has impacted on the overall timescales and will have a bearing on the projected MTFS savings for 2017-18.

8 Recommendation

- 8.1 The Adult Social Care Overview and Scrutiny Committee are requested to note the contents of this update report.

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- 10 **Background documents:**
None