

Report to the Cabinet

Meeting to be held on Thursday, 3 September 2020

Report of the Head of Policy, Information and Commissioning (Live Well and Age Well)

Part I

Electoral Divisions affected:
All

Extra Care Housing in Lancashire

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Executive Summary

The Housing with Care and Support Strategy (2018-2025) seeks to reduce the county council's reliance on long-term residential care placements. This will be achieved through increasing choice and flexibility for Lancashire residents by developing more affordable rented extra care for older people and supported housing apartments for younger adults with disabilities.

This report sets out the proposed arrangements for delivering the key ambitions of the Housing with Care and Support Strategy in relation to extra care.

This is deemed to be a Key Decision and the provisions of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to approve:

- (i) The overall approach to the implementation of the county council's Housing with Care and Support Strategy in relation to extra care housing namely:
 - adopt an approach to funding of extra care based on Homes England grant and borrowing rather than a lease based/institutional funding model;
 - any contribution of land or grant by Lancashire County Council to be funding of last resort and only applied in order to make a strategically important scheme financially viable;

(ii) Work with Eric Wright Group's Health and Care Division as Lancashire Regeneration Property Partner, to assist in engagement with the wider health sector on delivery of the strategy's aims and specifically bring forward developments in areas of demand where there is no activity.

Background and Advice

As outlined in the county council's Market Position Statement, we are committed to stimulating a diverse, active market for adult social care where innovation is encouraged. We want to work differently with partners and providers to deliver flexible and responsive services that people want. We are adopting a place based approach to developing services, which reflects the local Integrated Care Partnerships footprints.

The Housing with Care and Support Strategy (2018-2025) seeks to increase the housing and care options available to people living in Lancashire. Through providing an increased range of provision, the county council will reduce its reliance on longer-term residential placements. The strategy aims to provide 1,000 new extra care units for older people by 2025, with at least one facility in each of the 12 districts in Lancashire. This strategy is now even more important in light of the Covid pandemic as more people and families, for a variety of reasons, are seeking alternatives to traditional residential care settings.

Extra care housing comprise self-contained homes with design features and care and support services that help people to remain independent for as long as possible. It can offer many different levels of support, which can be altered as care needs change.

This report outlines the current approach adopted, as well as outlining a proposal for increasing the pace of development in areas where schemes have not been coming forward or able to progress.

Current position

The current approach is to work with districts, health partners and registered housing providers to develop individual affordable extra care schemes across Lancashire, whilst providing needs analysis information to the private sector where they are proposing affordable rental schemes.

There are currently:

- 3 purpose built extra care schemes;
- 8 sheltered based extra care schemes which were built as sheltered housing and now have a 24 hour care team on site. These schemes have less flats, smaller space standards and fewer communal facilities than purpose built schemes;
- 2 purpose built schemes which are due to open in the autumn.

In terms of future developments, district councils, registered housing providers and private developers are all exploring options for developing extra care. All agencies are liaising with the county council to ensure that there is a joined up approach to developing services

Future Approach

Funding

Two funding options have been considered:

- Option 1: a funding model whereby registered housing providers seek to secure grant from Homes England and borrowing is serviced by rental income;
- Option 2: an institutional investment model whereby properties would be leased by a financial investor (e.g. pension fund) to Lancashire County Council who would then sub contract to a registered housing provider.

The first option is preferred, owing to the lower overall financial risk to the county council, when compared to Option 2. However, in the event that the first option does not enable sufficient flexibility and pace, then other options would be considered in the future.

The second option involves institutional investors such as pension funds or property funds or private equity investors looking for a long term, secure, stable income stream. Consequently, they are prepared to forward fund the development of assets, such as extra care schemes, which they would own. This type of investment would require the county council or a registered housing provider to sign up to a lease for a minimum term of 25 years on completion of the build. The rental levels would be set initially based on the build cost and a particular rental yield and would be indexed up over the lease period. Normally, there is no break clause on these leases, so the financial risk in relation to rent policy, welfare benefits, maintenance costs and voids would lie with the county council or a registered housing provider. The ownership of the building sometimes transfers to the leasing organisation at the end of the lease period.

In addition, in 2019, the Social Housing Regulator identified the potential financial risk to registered providers who are too dependent on the leasing model as a source of funding.

Procurement and Funding

We are seeking to minimise any financial commitment by the county council. However, in the event that there is the need for a contribution of land or grant in order to make a strategically important scheme financially viable, then any considerations would be undertaken in line with service, finance, legal and procurement requirements and put forward for a Cabinet decision.

Eric Wright Group and Registered Housing Providers

In order to increase the pace at which services can be developed, we are proposing to work with Eric Wright Group Health and Care to bring forward developments in areas where neither district councils nor registered housing providers are working on, or making progress, with new schemes.

A regeneration property partnership between the county council and Eric Wright Group was established in 2012, through a competitive arrangement which enables the county council to work with the Eric Wright Group on developing services in Central Lancashire and Fylde and Wyre. In addition, the county council can work with the Eric Wright Group in the remaining areas of the County under their health, One Partnership, arrangements. The Eric Wright Group can play a key role in the development of extra care schemes, because of their experience in the sector and of delivering multiple projects.

Given, as outlined above, that a traditional approach to funding is being proposed, the Eric Wright Group will work with registered housing providers as appropriate to help bring forward schemes. This may be by Eric Wright Group approaching registered housing providers directly, or the county council facilitating discussions between the registered housing providers and the Eric Wright Group. The key driver will be to ensure that there is sufficient flexibility to enable the most effective and efficient approach to be adopted. As land is one of the key factors, the approach adopted is likely to be driven by which organisation has access to sites.

As outlined in the September 2020 Cabinet report linked to the redevelopment of Bowgreave Rise, it is proposed that the Eric Wright Group develop the new residential care home at Bowgreave Rise.

Private Developers and Registered Provider

We are not proactively seeking to work with other private developers. However, other organisations do have the right to undertake developments, as long as they obtain planning permission and comply with Care Quality Commission regulations. In the event that they develop a proposal and enter into a partnership with a registered housing provider, then the extent of the county council's involvement would be determined on a case-by-case basis. This could range from only providing needs data to procuring an on-site care and support provider. There is a need for any private developer to involve a registered housing provider on a long-term basis, in order to access required levels of housing benefit.

Conclusion

This report shows the level of activity currently taking place and outlines the key steps to be taken to increase the pace of delivery. The approach seeks to promote flexibility and responsiveness and to minimise the financial risk to the county council. Through utilising the county council's existing partnership with the Eric Wright Group, and their local knowledge and expertise in relation to extra care, the pace of delivery of new extra care schemes can be accelerated.

Implications:

This item has the following implications, as indicated:

Risk management

Financial

With the proposed preferred option for funding, there would be no capital financial implication to the county council, unless there was an identified need for a contribution of land or grant in order to make a strategically important scheme financially viable, which would then be set out in a separate Cabinet report for approval. The ongoing revenue costs of supporting packages of care for individuals with assessed care eligible needs will be met through adult social care commissioning budgets.

Legal

Legal advice and support will be provided in terms of the appointment of Eric Wright Group whether that be under the terms of the Lancashire Regeneration Property Partnership as the county council's strategic property partner or, under the arrangements of the One Partnership.

Legal advice and support will also be provided in terms of any other contractual arrangements and considerations required to bring forward and implement extra care schemes across the county area.

Equality and Cohesion

Whilst this proposal will not have an initial, direct impact on people with protected characteristics, it does set out arrangements which will affect people who need care support in the future. These individuals will be included within the disability protected characteristic group and may also be from the age (older people mainly but other age groups also) protected characteristics group. As women tend to live longer than men, they may also be more highly represented amongst potential users of the facilities and in some parts of the county there will be different ethnicity impacts.

Increased availability of extra care housing should have a positive impact and advance equality of opportunity for these groups as it provides an opportunity to access a facility which better meets their wishes and needs. Availability will be based on need and there will be no discrimination based on protected characteristics in how it is promoted or allocated. It is anticipated that developments will work to foster links with the communities where these facilities are located and as people are likely to come from the local area those links may be easier to establish which will help community cohesion.

List of Background Papers

Paper	Date	Contact/Tel
Housing with Care and Support Strategy (2018-2025)	2018	Sarah McCarthy, (01772) 530551

Reason for inclusion in Part II, if appropriate

N/A