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EXECUTIVE COMMITTEE TUESDAY, 20TH SEPTEMBER, 2016

A MEETING of the EXECUTIVE COMMITTEE will be held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS, TD6 0SA on TUESDAY, 20 SEPTEMBER 2016 at 10.00 am

J. J. WILKINSON,
Clerk to the Council,

14 September 2016

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 1 - 6) Minute of Meeting of Executive Committee of 6 September 2016 to be approved and signed by the Chairman. (Copy attached.)	2 mins
5.	Delivering Extra Care Housing in the Scottish Borders: A Delivery Framework 2017 -2022 (Pages 7 - 56) Consider report by Service Director Regulatory Services. (Copy attached.)	20 mins
6.	Any Other Items Previously Circulated	
7.	Any Other Items which the Chairman Decides are Urgent	
8.	Private Business Before proceeding with the private business, the following motion should be approved:- "That under Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 7A to the aforementioned Act".	
9.	Minute (Pages 57 - 58) Private Minute of Meeting of Executive Committee of 6 September 2016 to	2 mins

	be approved and signed by the Chairman. (Copy attached.)	
10.	The Glen Hotel, Selkirk - Wall Refurbishment (Pages 59 - 62) Consider report by Depute Chief Executive – Place. (Copy report attached.)	20 mins

NOTES

1. **Timings given above are only indicative and not intended to inhibit Members' discussions.**
2. **Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

Membership of Committee:- Councillors D. Parker (Chairman), S. Aitchison, S. Bell, C. Bhatia, J. Brown, M. J. Cook, V. M. Davidson, G. Edgar, J. G. Mitchell, D. Moffat, D. Paterson, F. Renton and R. Smith

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**SCOTTISH BORDERS COUNCIL
EXECUTIVE COMMITTEE**

MINUTE of Meeting of the EXECUTIVE COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St Boswells on Tuesday 6 September 2016 at 10.00 a.m.

Present:- Councillors S. Aitchison (Chairman – Education Business), C. Bhatia (Chairman), S. Bell, J. Brown (to para.6), M. Cook, G. Edgar, J. G. Mitchell, D. Moffat, D. Parker, D. Paterson, F. Renton, R. Smith.

Also Present:- Councillors I. Gillespie, G. Logan, S. Mountford.

Apologies:- Councillor V. Davidson, Mrs J. Aitchison, Mr G. Donald,

In Attendance:- Chief Executive, Depute Chief Executive (People), Chief Financial Officer, Clerk to the Council, Democratic Services Officer (K. Mason).

EDUCATION BUSINESS

Present:- Ms A. Ferahi, Mr G. Jarvie, Mr D. Moore, Miss E. Page, Mr. J. Walsh.

CHAIRMAN

Councillor Aitchison chaired the meeting for that part which considered Education business.

CHAIRMAN'S REMARKS

1. Councillor Aitchison gave a special welcome to the Chief Executive who had returned to work after a period of illness.

2. SCHOOL ESTATE PRE-CONSULTATION AND REVIEW

There had been circulated copies of a report by the Service Director Children and Young People providing feedback received from the stakeholders who participated in the school estates pre-consultation and review. The report highlighted key messages from the feedback from the 400 people who attended a school cluster engagement event, the 452 people who completed questionnaires, and the 139 pupil questionnaires received. Further, the report outlined the next steps in the school estate consultation and review process and sought approval to implement the recommendations made. By means of a powerpoint presentation Mrs Manson, Service Director Children and Young People, gave detailed information on the School Estate Pre-Consultation, prioritisation, links with capital plan and funding, engagement, mothballed schools, RC schools review; and rural schools – sustainability plans, town reviews. She concluded her presentation by advising that on 7 and 8 September 2016 letters would be issued regarding the implementation of Phase 1 of the School Estate Review and week beginning 12 September 2016 letters would be issued outlining the next steps in relation to implementation of Phase 2 of the Review. Mrs Manson answered questions relating to the review of catchment areas, the communication process which linked to parental buy-in and community engagement; rural schools and the presumption against closure; the need to evidence any proposed changes; the recruitment and retention of teachers; the capacity of schools and future housing development; and responses which gave a variety of views from communities. The Chairman thanked Mrs Manson for her presentation and advised that a statistical analysis of exam results would be presented at the next meeting.

**DECISION
AGREED:-**

- (a) to note the positive engagement by stakeholders in the school estate pre-consultation;
- (b) that all stakeholders were informed of the outcome of the consultation;
- (c) the proposals to Implement Phase 1 of the School Estate Review during school session 2016/2017:
 - (i) **Future of Mothballed Schools:**
Commence statutory consultations on proposals to permanently close Eccles/Leitholm Primary School, Ettrick Primary School and Hobkirk Primary School in accordance with the Schools (Consultation) (Scotland) Act 2010;
 - (ii) carry out a focused pre-consultation on Roman Catholic Schools provision;
 - (iii) commence focused pre-consultations on the future of Education provision in the towns of Jedburgh, Eyemouth, Hawick and Galashiels;
 - (iv) engage with rural schools with roll populations of less than 50 pupils regarding roll sustainability measures;
 - (v) implement a Selkirk schools catchment review involving Yarrow, Kirkhope, Philiphaugh and Knowepark Primary Schools;
- (d) to note that Phase 2 of the School Estate Review would commence in school session 2017/2018 and include focused pre-consultations in the following school clusters: Berwickshire, Earlston, Kelso and Peebles; and
- (e) to note that a commitment was given to carry out a review and consultation on the School Transport Policy within a two year period, ie before the end of school session 2017/2018.

MEMBERS

Councillor Parker left the meeting during consideration of the above item, and returned during the discussion at paragraph 8. Councillor Edgar left the meeting at the end of the consideration of the above item, and returned during the discussion at para 9.

ADJOURNMENT

The meeting adjourned at 11.15 a.m. and reconvened at 11.25 a.m.

OTHER BUSINESS

CHAIRMAN

On the resumption of the meeting, in the absence of Councillor Parker, Councillor Bhatia took the Chair for the remaining business.

3. ORDER OF BUSINESS

The Chairman varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

4. MINUTE

The Minute of meeting of the Executive Committee of 16 August 2016 had been circulated.

DECISION

APPROVED for signature by the Chairman.

5. SCRUTINY COMMITTEE RECOMMENDATION

There had been circulated copies of a Minute extract from the Scrutiny Committee meeting of 18 August 2016 along with a copy of the Report of the Scrutiny Working Group. This related to a request submitted to the Scrutiny Committee by Ettrick and Yarrow Community Council asking for a review of the process in respect of decision-making relating to the Great Tapestry of Scotland. Councillor Mountford, Chairman of the Scrutiny Working Group, presented the report and answered Members' questions and explained there needed to be a process for ensuring the recommendations, if approved, were implemented rather than just noted. The Chief Executive undertook to present the recommendations to the Corporate Management Team for incorporation into project processes. A suggestion was made that in the future to incorporate a portfolio holder for capital projects, however, the Chief Financial Officer said that the capital programme was simply a different way of spending money. A further suggestion was made that it might be useful to refer to a publication entitled "The New Rational Manager (2013)" by Kepner et al, regarding project procedure and a structured process. Reference was also made to Ward Advisory Groups which were within the Scheme of Administration but had not been activated. Members thanked the Scrutiny Working Group for a well written report.

DECISION

AGREED to endorse the recommendations from the Scrutiny Committee that:-

- (a) Where potential projects, such as the Great Tapestry, are at the stage of evolving from a conversation into a concept/idea, before proceeding to the project stage and into the capital plan, it would be helpful if all material conversations involving Officers and Members could be summarised and noted. This would aid transparency and help to establish a more complete project record.**
- (b) When officers are producing the first formal report to be considered by Members on a major project, they should include all appropriate information on the origin of all options which have been considered and any which have subsequently been dismissed. This is as much for a retrospective record as it is to inform the decision-making at the time.**
- (c) Relevant analysis/research should be considered for inclusion as appendices in reports for projects like this or, if confidential, made available to Members privately for further scrutiny.**
- (d) For any major project – to ensure good communications - regular informal briefings for all Members, along with the provision of electronic bulletins, would assist in keeping Members updated on progress and allow them to ask questions and also pass this information on to stakeholders, community groups, and members of the public.**
- (e) Within the project management processes, the Council's reputational risk should be included as a matter of routine in the Risk Register and the risk and mitigations section of committee reports should always take reputational risk into account and provide a commentary on that issue.**
- (f) When considering locations as part of a major project, criteria being used to assess them should be put in order of priority (starting with the highest) and/or weighted. Once a site has failed to meet one of the criteria, that site will**

normally no longer be assessed against the remaining criteria, and an explanation will be given to Members.

6. APPRENTICESHIP LEVY

There had been circulated copies of a report by the Service Director Regulatory Services relating to the Apprenticeship Levy and its potential impact on Scottish Borders Council and seeking approval of the Scottish Borders Council's recommended response to the associated Scottish Government consultation. The Levy would, in principle, apply to all UK employers, across all sectors, regardless of whether they already employed apprentices or not and would be set at 0.5% of an employer's "pay bill" for employers who had an annual pay bill of £3m or more. The Levy would be payable through the PAYE system, alongside income tax and NIC. Scottish Borders Council had an annual salary bill of around £150m and the Council's contribution to the levy would be around £750,000 each year. The mechanism to access this funding in Scotland was not yet known. Funding could only be accessed in England and Wales to pay for the costs of training programmes. The fund did not meet the costs of employing modern apprentices. The Group Manager, Housing Strategy and Services, answered questions and it was agreed that the second paragraph in the answer to question 4 should be deleted from the response.

DECISION

AGREED:-

- (a) to note that the introduction of the levy in April 2017 would cost Scottish Borders Council and initial estimated £750,000 per year based on 0.5% of payroll;**
- (b) to note that the extent of the actual impact was unknown until Scottish Government made a decision on how the funds would be used in Scotland; and**
- (c) to the submission of the proposed response to the Scottish Government Consultation as amended to reflect the deletion of paragraph 2 in relation to the answer to question 4.**

MEMBER

Councillor Brown left the meeting during discussion of the following item.

7. SYNTHETIC PITCH MAINTENANCE AND REPLACEMENT PLAN

There had been circulated copies of a report by the Chief Financial Officer presenting the findings of a survey conducted at thirteen of the Authority's synthetic pitches not covered by PPP contracts or lifecycle maintenance arrangements. The report recommended that the Council establish a "Synthetic Pitch Replacement Fund" similar to the existing Plant and Vehicle Fund to finance the future upkeep and replacement of these existing facilities and any new pitches constructed in future. This would ensure a consistent approach to the upkeep and replacement of all pitches not maintained under a private public partnership agreement. There had been concern for some time regarding the deteriorating condition of synthetic pitches in situ across the Borders. No source of finance existed to provide for their upkeep and replacement. An external company - Sportslabs - was therefore commissioned in May 2016 to undertake a survey of the thirteen synthetic pitches across the region. The purpose of the survey was to assess the current performance, condition and residual life expectancy of these facilities and recommend a new fully costed strategy for their upkeep. The results of the survey had been used by the Council's Quantity Surveyor to prepare a cost estimate and spend profile that would allow, if adopted, the future proofing of these facilities to an acceptable standard and ensure the safe operation of the synthetic surfaces. It was proposed that a Synthetic Pitch Replacement Fund would be established with annual

revenue budget contributions made to the Fund to finance the future replacement of surfaces and fences. Only the facilities listed in the report would be eligible for replacement from the fund at this stage. Future pitches, currently being delivered with the assistance of SportScotland under the pitch replacement programme, would be included in the Fund when they became operational. It was recommended the 2016/17 funding requirements were funded from the Loans Charges budget and the future years capital and revenue requirements were prioritised as part of the 2017/18 Financial Planning process. The Chief Financial Officer answered questions relating to the inspections undertaken and he advised he would ascertain whether the works needed at Clovenfords and West Linton Primary Schools could be covered by any contractual obligation. There were no definite dates for repairs to pitches to be made other than they would be carried out during 2016/17.

**DECISION
AGREED:-**

- (a) to note the condition of the 13 astro-turf pitches surveyed as detailed in Appendix 1 to the report, the immediate costs of bringing these existing facilities up to an acceptable standard and the future financial implications of properly life-cycling all astro-turf facilities;**
- (b) to approve the future financing strategy proposed through the establishment of a Synthetic Pitch Replacement Fund;**
- (c) to approve 2016/17 virement from Loans Charges budget to fund the immediate requirement in Revenue and Capital; and**
- (d) that the future financial consequences for existing and planned pitches would require to be addressed and prioritised as part of the financial planning process in 2017/18 and future years.**

MEMBER

Councillor Parker returned to the meeting during discussion of the following item.

8. ANNUAL TAXI FARES REVIEW 2016 - 2017

There had been circulated copies of a report by the Service Director Regulatory Services on the consultations undertaken in connection with the statutory review of the current scale of charges for taxi fares recommending that fares remained unchanged for 2016/17. The Council as licensing authority was required in terms of Section 17 of the Civic Government (Scotland) Act 1982 ("the Act") to review the scales for fares and other charges in connection with the hire of a taxi at intervals not exceeding 18 months of the last review. Consultation took place in October 2014 and following an appeal to the Traffic Commissioner made by the Taxi trade the revised taxi rates for 2014/15 came into effect on 10 April 2015. For 2016/17 the formula which the Council used to review taxi rates delivered a variation percentage of - 0.36% (minus 0.36%) on the usual indicators over the previous 12 months. Paragraph 3.3 of the report explained the Council's current formula. If the proposal to fix the scale for taxi fares for 2016/17 was agreed by Members, then officers would write to all taxi operators and others consulted to inform them of that decision. Those parties had a 14 day period in which to appeal against this fare scale to the Traffic Commissioner who might determine to hold a Hearing. If this process was undertaken, the implementation date for the reviewed fare was delayed. If there was no appeal it was proposed that the 2016/17 scale of charges would come into effect from 10 October 2016. The Strategic Transport and Services Manager gave further information in relation to the formula used by the Council to review taxi rates. Concern was expressed about the low turnout of operators who met with Council Officers at this year's consultation meetings.

DECISION

AGREED that:-

- (a) **Taxi Fares remained unchanged for 2016/17 and the 2016/17 scale would take effect from 10 October 2016;**
- (b) **no changes were made to other charges on the tariff sheet:**
 - (i) **Waiting time**
 - (ii) **Unsocial hours criteria**
 - (iii) **Valeting charge**
- (c) **a further review of the taxi fare setting would be undertaken and implemented within 18 months of this review.**

**9. PRIVATE BUSINESS
DECISION**

AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business detailed in the Appendix to this minute on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3 and 9 of part 1 of schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

MEMBER

Councillor Edgar returned to the meeting.

10. MINUTE

The private section of the Minute of the Executive Committee of 16 August 2016 was approved subject to amending the spelling of Derek "McKay" to Derek "Mackay".

11. SOCIAL WORK COMPLAINTS REVIEW SUB-COMMITTEE

The private Minute of the Social Work Complaints Review Sub-Committee of 12 May 2016 was noted.

The meeting concluded at 12.15 p.m.

DELIVERING EXTRA CARE HOUSING IN THE SCOTTISH BORDERS: A DELIVERY FRAMEWORK 2017-2022

Report by Service Director Regulatory Services

EXECUTIVE COMMITTEE

20 SEPTEMBER 2016

1 PURPOSE AND SUMMARY

- 1.1 **This report sets out the proposed delivery framework for up to 6 extra care housing developments across the main towns in Scottish Borders in order to meet identified need and deliver on the Council's corporate priorities of shifting the balance of care. The initial priorities for investment have been identified as Duns, using Trust Housing and Langhaugh, Galashiels using Eildon Housing Association.**
- 1.2 The needs assessment for extra care housing previously undertaken, and reported to Members in March 2016, concluded that there is a large projected need for this type of housing model across all the main towns in the Scottish Borders. Through an option appraisal approach, the study also concluded that it would be best value if the projects were developed, owned and managed by Registered Social Landlords. The proposed delivery framework utilises Council owned sites where feasible and maximises Scottish Government grant provision, including RSL private sector borrowing over the next five years of the Strategic Housing Investment Plan. It is anticipated that these will be high cost projects that are likely to require some gap funding from the Council's Affordable Housing Budget.
- 1.3 It is envisaged that these developments will provide extra care housing for social, mid-market rent and shared equity options, all of which are considered as being compliant with the Council's Affordable Housing Policy definitions. Further individual site specific feasibility studies are required to test the financial modelling.

2 RECOMMENDATIONS

- 2.1 **I recommend that Members consider this proposed delivery framework and:-**
- (a) **Notes the Extra Care Housing Strategy set out in this report provides a major investment in the care sector that will make a significant contribution to the care and support of elderly and vulnerable adults across the Scottish Borders.**

- (b) Endorses the approach to deliver new extra care housing developments in the Scottish Borders and for inclusion in the Strategic Housing Investment Plan 2017-2022, commencing with developments in Duns and at Langhaugh, Galashiels.**
- (c) Agrees to assist the development of these extra care housing projects by using the 2nd Homes Council Tax budget to compensate the 10-year Capital Investment Programme (where applicable) on the basis of affordable housing valuation for the sites.**
- (d) Agrees in principle to use 2nd Homes Council Tax and Developer Contributions to address the funding gap associated with this type of development potentially above affordable housing benchmark eligible grants.**
- (e) Notes that a further progress report will be submitted when costed design specifications have been completed for Duns and Langhaugh.**

3 STRATEGIC CONTEXT

- 3.1 The Council's Local Housing Strategy (LHS) 2012-2017 is a statutory requirement that provides the strategic direction to tackle housing need and demand and informs the future investment in housing and related services across the Scottish Borders area. Underpinned by revised guidance from the Scottish Government, Officers are currently preparing the new five year Local Housing Strategy which will cover the period 2017-2022. The new LHS is being developed in a collaborative manner involving all of the Council's Community Planning Partners and Stakeholders.
- 3.2 The forthcoming LHS identifies an affordable housing shortfall of 128 units per annum and it also recognises that a key element of the strategy is to enable independent living across of all vulnerable groups and including older people who make up an increasing proportion of the Scottish Borders population. The LHS reflects the Council's policy commitment of shifting the balance of care by reducing the proportion of institutional care packages and increasing the proportion of care provided through packages, Extra Care Housing and Housing with Care.
- 3.3 Part of the strategy for increasing the numbers of older people that are assisted to live at home, including those receiving more intensive home care or 'extra care' services, will be achieved by increasing the supply and availability of extra care housing as alternatives to current residential care home provision. This will be achieved by building upon the strong cooperation of our housing partners and support from Scottish Government to help fund, develop and deliver extra care housing schemes.
- 3.4 Extra Care Housing offers the possibility of supporting higher levels of dependency but also providing an environment for lively and active old age. It is estimated that over 60% of current entries into residential care could be averted or delayed if Extra Care Housing [ECH] had been available in their locality. ECH is seen as a means of an alternative to both sheltered housing and residential care that can meet the needs of the majority of people needing residential support in the future. ECH is based on self-contained flats, rather than small rooms as in residential care, and offers care and support at the same level as residential care, for those that need it, available 24 hours a day.
- 3.5 The Council anticipates making the maximum use of technology-enabled care to support and assist people in their home – offering maximum security and safety, and enabling older people increased choice of their care and accommodation arrangements. For people with dementia, Extra Care Housing provides an alternative to being cared for at home or going straight into a care home.
- 3.6 ECH requires different and more flexible support and funding frameworks than more conventional models. Joint collaboration between housing providers, Social Work services, primary care and community health service is needed to provide the best and most effective care and support. This is one of the key priorities highlighted in Planning for Change set out in the Scottish Borders Health and Social Care Partnership Strategic Plan 2016-2019 which identifies a need to further develop our understanding of housing needs for people across the Scottish Borders.

4 CONSULTANT'S FINDINGS

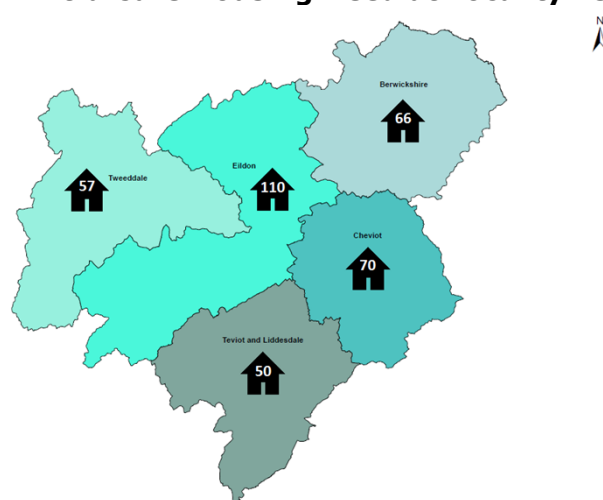
- 4.1 As reported to Council on the 8th March 2016 the needs assessment for extra care housing carried out by Anna Evans Housing Consultancy in partnership with is4 housing and Regeneration Ltd concluded that there is a large projected need for extra housing provision in Berwickshire.
- 4.2 Subsequent analysis has also concluded that taking into account the existing 129 extra care and housing with care provision in the Scottish Borders a further 353 properties spread across five main Towns will be required by 2035 in order to help shift the balance of care provision.
- 4.3 Table 1 below sets out the estimated cumulative number of extra care housing/Hwc properties required from 2018 to 2035 across the five main towns to meet this gap in provision. The figures clearly illustrate that 230 units will be required by as early as 2020 to meet need and thereafter, the projected need reduces to an additional 96 units by 2025, 24 units by 2030 and a further 37 units by 2035 if the total projected estimated needs are to be met. Figure 1 below shows an estimated shortfall at a locality level.

Table 1. Projections for Extra Care Housing Requirement in Scottish Borders

Projections	Number in ECH/HwC (1.7% of aged 75+)				
	2015-2018	2020	2025	2030	2035
Central	11-12	72	88	98	110
Berwickshire	10-12	43	52	59	66
Hawick	8-9	33	40	45	50
Peebles	4-5	37	46	51	57
Jedburgh	3-4	28	34	39	43
Kelso	3-5	18	22	24	27
Scottish Borders	39-44	230	282	316	353

Source: Extra Care Business Case: Anna Evans/is4 Housing & Regeneration Nov 2015¹

Figure 1 Extra Care Housing Need at Locality Level



- 4.4 Analysis also suggests that the need for extra care housing is greatest in Central Borders area with a total requirement for 110 properties by 2035 with 72 of these being required by 2018 and a further 16 by 2020. Need is also high in Kelso with a combined need for 98 properties by 2035 with a

¹ Figures are subject to rounding
Executive Committee – 20 September 2016

requirement for 64 of these properties by 2020. Notwithstanding the development of Dovecot Court in Peebles there is still a requirement for a further provision of 57 extra care housing by 2035 with the majority (46) being required by as early as 2020.

- 4.5 Officers have been seeking to identify the most efficient and cost effective way to deliver Extra Care Housing or Housing with Care projects across the Scottish Borders. Critical to the delivery of extra care housing schemes will be willing and experienced Registered Social Landlords (RSL) who have the financial capacity and experience to develop a scheme of this nature. The Strategic Housing Investment Plan (SHIP) is the sole document for targeting affordable housing investment in Scottish Borders and all affordable housing projects (including extra care housing) must be delivered through the SHIP processes and identified as a strategic priority in the Council's Local Housing Strategy.
- 4.6 As reported in paragraph 4.1 (e) p. 5, of the SHIP progress committee report, approved by Members on the 10th May 2016, the Scottish Government increased the unit benchmark RSL grant rates by 20% and increased the 2016-2017 subsidy allocation to Scottish Borders area to £8.633m and a similar level of funding is anticipated over the life of the SHIP in order to deliver on the Scottish Government's affordable housing pledge of 50,000 affordable homes over the life of the Parliament. This provides the injection of significant capital investment and it is important that the Council plans the development of extra care housing in order to maximise and fully utilise allocated and anticipated grant funding when it is available in the next five year SHIP period. Particularly as there are concerns across the housing sector that grant levels and allocations could reduce after 2022.
- 4.7 The Consultant's findings concluded that to deliver all of the Extra Care Housing Options will be reliant on additional funding contribution from the Council over and above Scottish Government benchmark grant levels and anticipated RSL private finance. The potential development of Council owned sites provides much more certainty in project delivery and it also provides the opportunity to consider the basis for sale and capital receipt arising for sale of sites to any RSL development partner.

5 PROPOSED DEVELOPMENTS & TIMEFRAMES

Table 2 Proposed SHIP Timeframes of Extra Care Housing Developments

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2017/18	2018/19	2019/20	2020/21	2021/22	
Berwickshire (Duns)	-	-	30	-	-	30
Central (Gala)	-	-	30	-	-	30
Hawick	-	-	-	30	-	30
Kelso	-	-	-	-	24	24
B'Shire Eyemouth**	-	-	-	-	36	36
Peebles***	-	-	-	-	30	30
Total						180

NB: Kelso, Eyemouth and Peebles may deliver beyond the life of the SHIP

- 5.1 Table 2 on page 5 above sets out Officer's proposed estimated unit numbers and target delivery timescales for inclusion in the Strategic Housing Investment Plan. These will be subject to further discussions with partner RSLs and Scottish Government to clarify programme arrangements.
- 5.2 Albeit the estimated unit numbers set out in table 2 on page 5 are very ambitious they fall short of the estimated need of 230 in 2020 by 80 units. That said, this could change as the final numbers, and balance between tenures will be determined by individual site/project detailed feasibility studies. It should be noted that there is scope to make a case for increasing flexibility on the level of equity in shared equity, as other Scottish Government financially assisted projects have demonstrated. Officers understand that there may also be possibilities in future of specific grant funding for specialist needs projects, and for wider flexibility, but this has yet to be confirmed with Scottish Government.
- 5.3 Council Officers from Housing, Finance and Social Work with Scottish Government collaboration have carried out a selection exercise in order to identify preferred RSL development partners who are considered to be the most appropriate delivery agents. Prospective Partners were assessed based on financial viability, experience and capability. The Duns project and the Langhaugh project in Galashiels the initial priorities, with further potential additional projects thereafter. As a result of the selection process it has been agreed that Trust Housing Association will deliver the Duns project and Eildon Housing Association will deliver on their Langhaugh site in Galashiels. Table 3 below sets out the proposed sites where the extra care housing will be developed and highlights deliverability and site issues.

Table 3 Proposed Sites Location for Extra Care Housing Developments

	Proposed Site	Site Ownership	Deliverability/Infrastructure & Site Issues
Berwickshire (Duns)	Todlaw	SBC	Soil investigation survey to be initiated
Central (Gala)	Langhaugh	EHA	EHA seeking to maximise development potential of site by assembling a larger site from land left undeveloped following railway construction
Hawick	Stirches	SBC	Former Housing Revenue Account site retained after Stock Transfer. Convenient to A7 and on a bus route but not located close to town centre.
Kelso	Kelso High School	SBC	Currently in use as school. Some existing buildings may require demolition in order to provide sufficiently large site.
B'Shire (Eyemouth)	Eyemouth Former High School	SBC	Master planning exercise to be under taken
Peebles	Rosetta Road	SBC	Discussions underway about potential of this site

6 NEXT STEPS

- 6.1 If the Executive Committee is supportive of the outline, Council Officers will initiate discussions with Scottish Government and Trust and both Eildon Housing Associations who have been selected as the Council's preferred delivery partners.
- 6.2 As stated in para 5.3 it is envisaged that Trust Housing Association will deliver the Duns project and Eildon Housing Association will deliver the Langhaugh Galashiels project.
- 6.3 Officers will also continue to liaise with Scottish Government to develop these projects via the Strategic Housing Investment Plan's established processes. Officers will also pursue any new funding mechanisms which might be advantageous to support the delivery of the extra care model and will also pursue the possibility of agreeing with Scottish Government a higher than the current 'affordable housing benchmark grant' allocation to fund this Council strategic priority.
- 6.4 A review of existing commitments for the Council's 2nd Homes Council Tax budget will be undertaken in order to assist with gap funding for these projects and to help compensate the 10-year Capital Investment Programme on the basis of affordable housing valuation for the sites.

7 IMPLICATIONS

7.1 Financial

- (a) It is anticipated that the proposed extra care housing developments will be funded using the same range of funding sources employed to fund Dovecote Court, i.e. Affordable Housing Investment Programme grant from Scottish Government, private sector borrowing by the RSL[s] and anticipated contributions from the Council from 2nd Homes/Council Tax budget, Affordable Housing Policy Developer Contributions and if applicable the transfer of ex-Housing Revenue Account land in accordance with Scottish Government Guidance. The funding package will be informed by site specific feasibility studies.
- (b) Officers have submitted a bid to the Scottish Government's More Homes Infrastructure fund for £40k to undertake a feasibility study for the Todlaw, Duns to accelerate the delivery of the extra care housing development. A further bid for £40k to purchase the land adjacent to Eildon's Langhaugh site in order to improve the infrastructure to the new RSL extra care housing development and open up alternative access routes which would enable the RSL to maximise units on site including potential to also deliver some mainstream housing. The fund is designed to help tackle infrastructure blockages and Scottish Government is establishing a flexible five-year grant and loan fund, initiated with up to £50 million available in 2016-17.
- (c) On the basis of the experience of the delivery of Dovecote Court, it is anticipated that these new extra care housing developments will have

high unit costs. These costs will only be known once design specifications are completed and costed at which point a further report will be submitted to Elected Members.

7.2 Risk and Mitigations

Delivery of additional extra care housing developments in common with other affordable housing delivery programming is largely dependent upon a number of variables, not least of which relate to resource and other political and organisation decision making processes beyond the control of the Council. The main risks to the programme are:-

- Adverse impact on delivery of existing affordable housing projects initiated from SHIP 2015/20 due to potential re-prioritisation and re-programming of grant allocation to assist or accelerate the delivery of new extra care housing projects.
- The availability of 2nd Homes Council Tax and Affordable Housing Policy Developer Contributions to assist with any funding gaps.
- Impact of future Westminster Government Spending Review on Scottish Government Affordable Housing Investment Programme annual allocations to Scottish Borders area.
- RSL private sector borrowing capacity.
- Willingness of Scottish Government and RSLs to fund delivery of shared equity extra care housing.
- Potential reduction in the total numbers of affordable housing units delivered should above-benchmark grant be required to support delivery of extra care housing projects.

7.3 Equalities

- (a) Registered Social Landlords [RSLs] are required to operate within a framework of Statutory Regulation and Inspection which is overseen by the Scottish Housing Regulator. This includes the key allocation and wider housing management activities. This ensures that equalities requirements are met. As part of that framework, RSLs are required to provide the Regulator with Annual Performance Statistical Returns which are analysed and published by the Regulator.
- (b) All proposed prioritised affordable housing developments will be included in the Council's next Strategic Housing Investment Plan 2017/22 [SHIP] which is anticipated to be submitted to Scottish Ministers by 30 November 2016. Inclusion of proposed projects is predicated on the endorsement of the principle of equalities as articulated in the SHIP guidance. The SHIP will be subjected to an Equalities Impact Assessment, Strategic Environmental Assessment screening and rural proofing as part of the normal pre-submission processes.

7.4 Acting Sustainably

- (a) In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of any potential Council led house building developments will be included in the SHIP 2017-22 which will be undertaken using the criteria specified in

Schedule 2 of the Act. The pre-screening assessment identified no or minimal effects in relation to the environment hence the SHIP is exempt from SEA requirements under Section 7 (1) of the Act.

- (b) By seeking to provide more new affordable extra care housing, it is considered that this will assist the sustainability of rural communities by providing specialised extra care housing as a new additional affordable housing supply delivery option and help to enable local people to continue to remain living in the community rather than consider moving to a registered residential care setting.
- (c) It is considered that there will be positive economic and social effects resulting from the proposed delivery of new extra care housing to meet identified and projected needs. These proposed new housing developments and anticipated environmental effects will require to be considered through normal Council Planning processes and procedures applying to house building programmes to ensure that Council and National policies and standards are met.

7.5 Carbon Management

- (a) It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations.
- (b) New Build housing will have a general effect on the region's carbon footprint however these are addressed within the planning process and in meeting the housing requirements and standards as set out by the Scottish Government.

7.6 Rural Proofing

- (a) Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as 'remote rural' or 'accessible rural'. This applies to all areas of Scottish Borders out with the towns of Hawick, Galashiels, Peebles, Selkirk, Eyemouth, Jedburgh and Kelso.
- (b) Most of the Scottish Borders is defined as being "remote rural" or "accessible rural". Duns is considered to be in an "accessible rural" area, whereas Eyemouth is classified as being a small town. The proposed extra care housing sites identified in this report will be considered as part of a rural proofing exercise which will be included within the Council's Strategic Housing Investment Plan. It is likely that the delivery of these projects will have no adverse impact on the rural area, and in particular will have a positive impact by increasing the supply of affordable housing in the Berwickshire area which currently has no extra care housing, or housing with care provision.

7.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Council's Scheme of Administration or Scheme of Delegation arising from this report.

Extra Care Business Case

Scottish Borders Council

Final report

November 2015



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Table of contents

1	Introduction	3
	<i>Limitations</i>	3
2	The Need for Extra Care Housing	4
	<i>Introduction</i>	4
	<i>Policy and service delivery context</i>	4
	<i>Area conclusions and recommendations on need for ECH</i>	6
3	Development of the ECH Options	10
	<i>Option identification</i>	10
	<i>House prices, affordability and tenure</i>	11
	<i>Duns development option</i>	12
	<i>Eyemouth development option</i>	13
	<i>Care service options</i>	14
4	Financial appraisal	16
	<i>Introduction</i>	16
	<i>Scope of the financial assessment</i>	16
	<i>Limitations</i>	16
	<i>Key Findings</i>	16
	<i>Initial Development Costs</i>	19
	<i>Funding Extra Care Housing in Berwickshire</i>	20
	<i>Local authority delivery via the general fund</i>	21
	<i>Developing a Sustainable Care Service Delivery Model</i>	22
	<i>Affordability for tenants</i>	23
5	Option Appraisal	24
	<i>Comparative Option Appraisal</i>	26
6	Conclusion and Recommendation	28

1 Introduction

- 1.1 Anna Evans Housing Consultancy has been appointed by Scottish Borders Council to develop a business case for the provision of Extra Care Housing (ECH) in Berwickshire. The work as has been undertaken in association with i.s.4 Housing and Regeneration.
- 1.2 The work has comprised two parts
- Part 1 - Needs assessment to establish supply and demand for extra care / housing with care across Berwickshire, Hawick and Kelso; this was then extended to drill down on analysis for the other areas in Scottish Borders.
 - Part 2 - Following determination that there is a need for extra care housing / housing with care in Berwickshire, part two has developed and appraised the options for ECH in Berwickshire;
 - This report sets out the business case for ECH –
 - a summary of the needs assessment;
 - identification of the ECH options;
 - initial financial appraisal of the options; and
 - option appraisal
 - Conclusion and recommendation.
- 1.3 This work has also been informed by the evaluation of Dovecot Court, Peebles, which was the first ECH provision in the Borders, completed in May 2013. This final report should be read in conjunction with the Final Reports for the Evaluation of Dovecot Court (June 2015) and Part 1 Final Report (July 2015).

Limitations

- 1.4 Limitations on the financial planning work undertaken for this business case development should be noted. Anna Evans Housing Consultancy and i.s.4 housing and regeneration limited has not sought to verify the accuracy of the data, information and explanations provided as would be the case during an audit or due diligence exercise. Reliance has therefore been placed on the information supplied and discussed and this has been used to inform the initial financial assessment of the sites and on-going services required for this business case development.
- 1.5 The financial assessment of the sites was undertaken at a strategic financial planning level designed specifically to inform the development of the business case for Extra Care Housing in Berwickshire. Should the Council wish to proceed with prioritising the sites for development in the SHIP then a detailed financial appraisal will be necessary, based on specific proposals for each of the sites (with drawings/quantities etc).
- 1.6 i.s.4 Housing and Regeneration accepts no liability and provides no warranty in respect of information shared with third parties.

2 The Need for Extra Care Housing

Introduction

- 2.1 Part 1 of the business case development involved an indepth analysis of need, demand and supply for housing for older people in the Scottish Borders. The focus of the analysis was on Berwickshire, Hawick and Kelso, although analysis was also undertaken for the whole of the Borders at a later stage.
- 2.2 The need assessment work involved:
- Policy review including SBC's most relevant strategy documents: Transforming Older People's Services (TOPS, 2009); Accommodation with Care Strategy for Older People in the Scottish Borders (TOPS, 2009); A Review of Scottish Borders Sheltered Housing (2008);
 - comprehensive secondary data analysis over a range of published and unpublished datasets (See Annex 1);
 - key stakeholder consultation (SBC/ SB Cares - two group meetings, and three further individual interviews; NHS Borders – one group meeting; RSLs with housing in the Borders – two group meetings, and five individual interviews covering seven RSLs);
 - comparative research (involving literature and depth consultation).

Policy and service delivery context

- 2.3 Scottish Borders Council's stated objective in the TOPS strategy, and a more recent report to the Council's Executive Committee (April 2015)¹ is to shift its balance of care by reducing the proportion of institutional care packages and increasing the proportion of home care packages, Extra Care Housing and Housing with Care (HwC). At the same time of the increasing community based care, the role of SBC residential care has been changing to provide more specialist dementia provision, and short stay beds. The aim of this specialist provision is to reduce unnecessary hospital and Care Home admissions and re-admissions, along with delayed discharges, thereby supporting other moves to increase the number of people who are cared for in their own home.
- 2.4 Since the TOPs and the Accommodation with Care Strategies were approved in 2009, the ECH development at Dovecot Court was completed in May 2013, and a number of sheltered housing developments have been converted to HwC, or have been decommissioned (converted to amenity/retirement housing, or demolished). During 2014, five sheltered housing developments were converted to HwC in Galashiels (Trust 39 units, Hanover 20 units), Jedburgh (Hanover 20 units) and Innerleithen (Hanover 10 units) providing a total of 89 HwC units. A number of others are planned, but implementation is pending an internal SBC evaluation of the HwC policy.
- 2.5 The concepts of ECH and HwC are often referred to interchangeably in the housing and social care fields. Providers will often argue that there is a spectrum of care and

¹ Improving the Quality of Older People's Care Homes – Report of Member/ Officer Working Group, Report by the Chief Social Work Officer, April 2015

support services that are flexible, and that can be stepped up and down according to the needs to the residents, assuming the property is fit for purpose. For the purpose of this business case development we have adopted specific definitions as set out below, but in the supply analysis and comparative review, we have tested the extent to which there could be flexibility in these two different types of housing supply to meet a range of needs.

- Extra care housing – purpose built accommodation for older people, with residents renting or owning their own home, with the aim to provide a home for life. There will be an age criteria. There will be a 24-hour care and support team on site to provide care to individuals in line with their care package. The type and size of individual homes, and communal facilities will vary by development but often will include communal areas and gardens, buggy stores, optional communal dining. In the Scottish Borders, the ECH development in Peebles is provided for social rent only and there are no communal dining facilities.
- Housing with Care – modernised sheltered / very sheltered housing schemes with support and care services on site. In the Scottish Borders care and support services are commissioned on basis on 7am to 10pm, after which community alarm and responder services meet overnight care needs. However, there is flexibility to respond to changing need (step up and step down) through the provision of a core team, and additional hours if required (through a block and spot purchase contract). Again, the type of size of homes and communal facilities vary, and may include optional communal dining. As this definition assumes converted sheltered housing, HwC is provided on a social rent basis.

2.6 When planning new housing provision for older people, we must consider housing demand i.e. preferences, expectations and choices. As discussed in Scottish Borders Older People’s Joint Commissioning Strategy², balancing care needs with housing demand is a key challenge in planning the type of service for which there will be demand in the future. National research³, and Scottish Borders own research⁴ has confirmed that most older people wish to remain in their established home for as long as possible, and are only likely to contemplate a move elsewhere when it becomes unavoidable. However, as they grow older, some people are attracted to the concept of grouped, but still independent housing with the benefits seen around safety and security, companionship to overcome isolation, and reassurance of support on site. As outlined in the Part 1 analysis, the majority of households in the Scottish Borders are homeowners, and as all ECH and HwC options in the Borders are social rented models this may act as a barrier for some home owners who may want to move an equity based housing option with care. The comparative research showed that many housing providers have used shared ownership models for ECH provision in England and Wales, but there are very few, although some emerging examples in Scotland.

² Older People’s Joint Commissioning Strategy – A Plan for the Future, 2013-2023

³ Review of sheltered housing in Scotland, Scottish Government, University of York, 2008

⁴ A review of sheltered housing in the Scottish Borders, Craigforth and Tony Homer, 2008; and Accommodation with Care for Older People in the Scottish Borders, 2008

Area conclusions and recommendations on need for ECH

- 2.7 Table 1 below demonstrates the increasing population of older people – 84% increase in over 75s and 32% increase in over 60s between 2013 and 2035. More than a quarter of the population is expected to be over 65 by 2020. However, the population of over 65s in Hawick and Kelso had already reached over a quarter of the population by the 2013 estimates, with Berwickshire not far behind.

Table 1: Population estimates, by area - 2013 mid-year estimates (at Datazone level) and Borders projections to 2035

	Over 75s	Over 65s	All age	65+ prop to pop.	% of all 75+	% of all 65+
Berwickshire	2,095	5,046	20,862	24%	19%	20%
Hawick	1,595	3,545	13,815	26%	14%	14%
Jedburgh	1,385	3,381	15,064	22%	12%	13%
Kelso	869	1,689	6,139	28%	8%	7%
Kelso SW area	2,254	5,070	21,203	24%	20%	20%
Galashiels	1,127	2,259	12,394	18%	10%	9%
Leaderdale & Melrose	1,096	2,542	12,541	20%	10%	10%
Selkirkshire	1,281	3,165	13,863	23%	11%	12%
Central SW area	3,504	7,966	38,798	21%	31%	31%
Peebles SW area	1,832	4,075	19,192	21%	16%	16%
Scottish Borders	11,280	25,702	113,870	23%	100%	100%
2020 SB	13,544	29,655	114,802	26%		
2025 SB	16,601	32,921	115,297	29%		
2030 SB	18,597	36,415	115,161	32%		
2035 SB	20,779	39,239	114,264	34%		

Source: National Records of Scotland, 2012 (Principal projections, Scottish Borders):

<http://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/sub-national-population-projections/2012-based/list-detailed-tables-2014>

Mid-year estimates 2013 (Datazone):

<http://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/special-area-population-estimates/small-area-population-estimates/mid-2013/detailed-data-zone-tables>

- 2.8 The Part 1 report for this business case development provide a detailed analysis of demand and supply for ECH, and provides projections for need for ECH to 2035. The overall conclusions from that report are provided below.
- 2.9 A recent report to Scottish Borders Council's Executive Committee on Improving the quality of older People's Care Home – Report of Member / Officer Working Group, April 2015 concluded:

Therefore for future capacity planning purposes it is assumed that at 2018 there will be a requirement for ECH/HwC places of 192 and 545 Care Home places. For 2022 this rises to 202 and 573 respectively. (Appendix 1, page 6).

- 2.10 This independent research projects higher long term ECH and Care Home requirements than those laid out in the capacity planning in the Council's Member/Officer Working Group review. By 2018, we would expect that 168-173

ECH/HwC places would be needed (i.e. the current 129 plus between 39-44), rising to 230 by 2020. Based on these conservative estimates, this suggests slightly lower short-term requirements, but higher long-term requirements compared to SBC projections.

- 2.11 By 2020, we predict the need for 786 care home places, compared with 573 places outlined in the capacity planning. The current level of care home capacity suggests that the 573 estimated for 2020 is unlikely, given current need and the capacity for ECH/HWC to develop over the next five years.
- 2.12 Furthermore, some of the additional 50 care home cases expected in 2020 from the predicted rise in dementia may also present as further demand for ECH, depending on the level of care needs.
- 2.13 These are conservative estimates, which do not allow for any significant move out of care homes into ECH/HwC. Current data suggests that care home capacity has been reached and so there should be further demand for ECH/HwC. If ECH were expanded to meet the higher demand estimate of 2.2% of the over 75s, this would be an additional 56 properties between 2015-2018 and an additional 105 properties in 2035.
- 2.14 The table below summarises the cumulative need estimates for ECH/HwC by area. The estimates for Scottish Borders overall is 39-44 units in addition to the current provision of 129 across the Borders in the short term, rising to a total of 353 by 2035. This shows that the greatest cumulative need is in Berwickshire (up to 12 units), and Central Borders (up to 12 units) in the short term, rising to cumulative 66 in 2035 in Berwickshire and 110 units in Central Borders.

Table 2: Projections for Extra Care Housing

Projections	2015-2018	2020	2025	2030	2035
Berwickshire	+10-12	43	52	59	66
Hawick	+8-9	33	40	45	50
Kelso	+3-5	18	22	24	27
Other areas	+18-20	137	168	188	210
Jedburgh	+3-4	28	34	39	43
Central	+11-12	72	88	98	110
Peebles	+4-5	37	46	51	57
Scottish Borders	+39-44	230	282	316	353

- 2.15 The focus of the analysis was on three areas: Berwickshire, Kelso and Hawick.
- 2.16 **Berwickshire** - Based on the continued use of current supply, it is concluded that the highest level of current/short term unmet need for ECH/HwC is in Berwickshire. For the areas included in the study, it has the largest population of older people, lower than average proportion of 75+ living in care homes, high occupancy in care homes and high demand for housing with support.
- 2.17 Professional opinion confirms secondary data analysis and suggests there is considerable unmet need for housing with care / extra care housing, where home care is no longer feasible. Opinions included:

“Desperate need”

“Some people in Berwickshire are hanging on by a thread”

“Very isolated”.

- 2.18 This is exacerbated by the challenging home care environment/market in Berwickshire, including travel arrangements for carers and families. Berwickshire also has the highest proportion of SBC older clients receiving 10+ hours of home care who also receive overnight home care support.
- 2.19 It is recommended that SBC proceeds with a twin tracked approach to commissioning additional housing with care options in Berwickshire including purpose built Extra Care Housing, and working in partnership with RSLs to provide Housing with Care options using existing sheltered housing stock. It is recommended that Duns supply be pursued on the basis that there are currently no high dependency options on offer in Duns, followed by Eyemouth, where unmet need is projected but where there are some current high dependency options.
- 2.20 **Hawick** – Hawick has a higher proportion of older people compared to the Scottish Borders average. It has a relatively high proportion of the population of over 75s living in residential care compared to elsewhere in the Borders, but these residents are younger and have a lower incidence of dementia/ lower needs. There is high occupancy of care homes, combined with high demand / low supply of housing with care/support options. This all suggests a lack of alternatives to care homes, and professional opinion considers there to be an over-supply of residential care in Hawick. It is concluded there has been a historical, cultural preference to care homes in Hawick, and some of the lower/medium needs could have been better met through Housing with Care / Support options.
- 2.21 It is recommended that that SBC works in partnership with RSLs to convert two existing sheltered / very sheltered housing in Hawick to Housing with Care, and monitors occupancy and need levels for provision of purpose built Extra Care Housing provision in the medium term.
- 2.22 **Kelso** – Kelso has the highest proportion of older people in the study area, but the smallest population. It has high occupancy of care homes, and healthy demand for housing options with support. There is recent restructuring of amenity housing to housing with care which in the short term should meet medium to higher needs in Kelso.
- 2.23 It is recommended that increasing number of high level needs in the medium term should be met through further conversions of sheltered housing to Housing with Care.

Tenure options and lessons learned from Dovecot ECH

- 2.24 In exploring options to deliver new Extra Care Housing supply, we have considered findings from the comparative review and the lessons learned from the Dovecot Evaluation. There is scope to:
- Provide a mix of one and two bedroom properties with a guest suite for visitors;
 - Mix the types of housing e.g. extra care housing with amenity, and wheelchair, and general housing for varying needs;
 - Mix the level of care to create mixed communities, and mixed economies of care;
 - Mix housing tenure including social rent, mid market rent and low cost home ownership options through shared equity;

- Consider a hub and spoke approach to the care service provision so that economies of scale can be achieved in the delivery of the ECH care service, with home care in the surrounding community.

2.25 Following presentation of the Final reports for Part 1 and the Dovecot Evaluation, the steering group approved proceeding to option appraisal for new supply of ECH in Berwickshire.

3 Development of the ECH Options

Option identification

- 3.1 This section outlines the scoping of the options for ECH in Berwickshire. It defines the various elements of the options, and describes how these elements have been defined.
- 3.2 The total estimated need for ECH in Berwickshire is projected as 66 units over the long term to 2035.

Projections	2015-2018	2020	2025	2030	2035
Berwickshire	+10-12	43	52	59	66

- 3.3 The location of the options was agreed with the steering group as Duns and Eyemouth.
- 3.4 Berwickshire is a large rural area, with strong local connections around travel distance to specific towns. It is therefore not realistic to meet some, or all of the projected ECH requirement through new supply in one location e.g. Duns, and expect that residents from Eyemouth will move to Duns to meet their needs, and vice versa. This business case development has therefore been built on the basis of splitting the 66 units across Duns and Eyemouth to meet need across Berwickshire. However, given the planning horizon involved, there is scope for phasing the supply over the medium term (say over five to ten years) in order to plan for, and meet long term needs.
- 3.5 The priority of the delivery of these options was recommended as Duns then Eyemouth, in line with the findings of the needs assessment, which showed the most urgent need being Duns.
- 3.6 In line with previous research findings and lessons learned from Dovecot and other ECH developments, we have explored broadening the scale and mixing tenure on each site. This is to provide opportunities to meet tenure aspirations alongside housing/care needs, but also to generate economies of scale on each site and so increase value for money / minimise the requirement for subsidy.
- 3.7 The delivery options identified with the steering groups were:
- Registered Social Landlord (RSL) ownership and management
 - Council ownership and management, or outsourcing of management
 - Mix of size and tenure in line with research findings experience, and lessons learned from Dovecot - ECH provision for social rent, but with mixed tenure on site where possible to benefit from a mixed community.
- 3.8 The two sites explored for this business case development were identified by Scottish Borders Council. Both sites are in the Council's ownership, and were deemed a suitable size and scale for the purpose. Information has been provided through Planning Briefs, and through additional information provided by Council Planning and Housing Officers. This is sufficient for the purposes of business case development, but should the Council and its partners wish to proceed to implementation, then a detailed feasibility study would have to be undertaken including drawings and quantities.
- 3.9 Outline development appraisals have been built on the basis of provider 'neutral', that is not tailoring the appraisal to a specific RSL.

- 3.10 We have also scoped out the care service provision, based on consultation with SBC Social Work, and consultation with SBCares to understand the operational staffing levels and shift patterns used for Dovecot in more depth and so understand how that may be applied in another ECH development. Again, the outline appraisal is not designed around a specific care provider, and detailed business planning would be required at feasibility stage.
- 3.11 Following development of the option elements, assumptions were generated and discussed with the client manager, and then Steering Group members through an interim presentation (7 September, 2015). Further information was provided post this meeting to refine and finalise assumptions. Detailed assumptions are included in the Appendices.

House prices, affordability and tenure

- 3.12 If intermediate housing tenures (shared equity and possibly MMR rent) are to be included in the development appraisal, we must be aware of market prices, and prices for intermediate rent. We have reviewed the market through a web search of prices in Duns and Eyemouth, and have also tested these through consultation with a local estate agent, and through data provision and consultation with local RSLs. This research has established market values for second hand sales of 1 bedroom properties in the region of £85,000 to £100,000, and 2 bedroom of approximately £125,000 to £135,000.
- 3.13 Consultation with RSLs suggest MMR rates are at the Local Housing Allowance level. Review of an estate agency independent report on the likely market for MMR suggests there may be healthy demand in both locations. This is also confirmed by SBC's own NHT activity which is targeted at LHA levels.
- 3.14 Comparative research suggests there could be a market for older people that require medium to high dependency housing with care options, and yet want to remain retain part or all of their housing equity i.e. move to more suitable housing in the ownership market, possibly provided with care. The following table shows the estimated population of older households that are owners and receive care in Berwickshire. This shows that there are a total of 170 outright homeowners receiving care in Berwickshire, of which 30 live within Duns, and 30 within Eyemouth. These 60 do not account for others in the rural areas (that will be within 170 total) who may be willing to move into a town environment if the right type of housing supply is available.
- 3.15 We must also consider household income. The table shows median household income in Berwickshire compared to Scotland. This is the median of all incomes, not older households which is not readily available.⁵ This shows that incomes are relatively low in Berwickshire, and are likely to be even lower for older households. This suggests that affordable housing options, including social rent, intermediate rent and shared equity will be in higher demand than shared ownership or outright sale.

⁵ Modelling on incomes could be undertaken to show incomes of older people, but is outwith the scope and budget for the study.

Table 3: Outright owners receiving care and household income

Intermediate datazone	Est: outright owners receiving care	Median household income
Berwickshire Central	20	£466
Berwickshire East	30	£460
Berwickshire West	30	£463
Coldstream and area	30	£416
Duns	30	£417
Eyemouth	30	£387
Berwickshire	170	£435
Scotland	-	£468

Duns development option

3.16 Todlaw playing fields are situated on the south western edge of Duns. The site is located within relatively close proximity to the centre of Duns and is bound by residential properties to the east, by the public park to the north east and by open ground to the north and west. To the south lies an open area of ground, and beyond that is a recent housing development by Berwickshire Housing Association.

3.17 The Planning Brief states that the playing fields have to be replaced in an alternative location; however, consultation with SBC confirms that arrangements have already been made between the rugby, football clubs and the new Berwickshire High School.

3.18 The 2 hectare site is allocated for housing in the Consolidated Local Plan 2011 (ADUNS010) with an indicative capacity of 30 units. However, this is a relatively low density and so the outline development appraisal has included a base case of 30 units for ECH, and then has included a scenario of an additional 20 units of mixed tenure to test viability at a higher density.



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3.19 The development options appraised for Duns are:

- 30 units ECH for social rent
- 30 units ECH + 20 units for MMR and Shared equity (split 50/50 – 10 units each) – total of 50 unit provision
- The base case is RSL provision and housing service provision with external care service provider
- A scenario of Council ownership and management has been considered.

Eyemouth development option

3.20 The Former Eyemouth High School site is 3.4 hectares and has indicative capacity of 90 units. The size and scale of this site would therefore suggest a development beyond the scope of the ECH provision, but there is scope here for a masterplanning approach involving mixed housing tenure, mixed household type, possibly a retirement village concept with mixed uses.



3.21 This is the site of the former Eyemouth High School and sits to the south of the town centre at the high point of Eyemouth with views to the surrounding landscape and sea. The site is located within very close proximity to the centre of Eyemouth and is bounded to the east by residential properties, to the west by a cemetery, including proposed extension, and employment area. To the south lies a substantial landscape buffer and beyond, the A1107.

3.22 The site is in mixed ownership between the Council and BHA.

3.23 The development options appraised for Eyemouth are:

- 36 units ECH for social rent
- 36 units ECH + 24 units for MMR and Shared equity (split 50/50 – 10 units each) – total of 60 units provision
- The base case is RSL provision and housing service provision with external care service provider
- A scenario of Council ownership and management has been considered.

Care service options

3.24 The care service options and costs have been developed through consultation with SBC Social Work and SBC Cares. SB Cares is the current care provider at Dovecot and so has practical experience of delivering an ECH service, but at this stage the ECH care service options and costs for Berwickshire are being worked up as provider 'neutral'⁶. In developing care options and costs, it should be noted that the care service provision is more fluid in nature than the housing procurement options, as these are likely to change depending on the commissioning requirements and the specific approach of different care providers. However, we have discussed below some of the 'core' elements in the care service: It is assumed:

- Assume an average care input for each client of 10 hours per week – some clients may require more, some less, and the aim would be to create a mixed economy of care to assist workforce planning / shift patterns;
- For a development of 30 units this will equate to a minimum of two care staff on site at all times 24 hours = 350 core hours per week;
- Over and above the core hours, there will be additional staff required to cater for the busier times around morning, lunch, tea and bedtime;
- There is scope to business plan a 'hub and spoke' service model (as discussed below), where home care staff serving the ECH development, are also able to provide services to the wider community – this may include people in the wider ECH development (people living in shared equity or MMR homes), and even people within 5 to 10 minutes driving distance.

3.25 The comparative research has shown the widespread use of 'hub and spoke' service delivery models, where care staff provide care services in the ECH base, but also provide a home care service to the wider community. This provides economies of scale for the care service, but is only feasible for typically a 5 to 10 minute driving circle from the hub.

3.26 The map and table below shows that driving circles around Duns and Eyemouth. The table shows the number of current Social Work older clients living within reasonable driving distances from Duns and Eyemouth – 10 minutes drive, or 10km. This shows there are currently 13 clients within 10 minutes drives of Duns, but that there are a further 72 clients that are some 15 minutes drive from Duns. This confirms the remote nature of the care service environment in Berwickshire. Eyemouth however has a far higher number of clients within 10 minutes drive – 79 clients. There are a further 58 clients living elsewhere in Berwickshire which are not in reasonable driving distance of Duns or Eyemouth, and could therefore not be served by a hub and spoke model from these two locations.

3.27 This analysis confirms that a care service 'hub' cannot be run from **either or** Duns and Eyemouth. If a hub and spoke was to be adopted then there would need to be a hub in both - a hub with staff based in Duns, and a hub with staff based in Eyemouth. It also confirms that the hub would have a smaller population of clients in Duns, than it would in Eyemouth, based on the current SW client base. It should be noted however, that

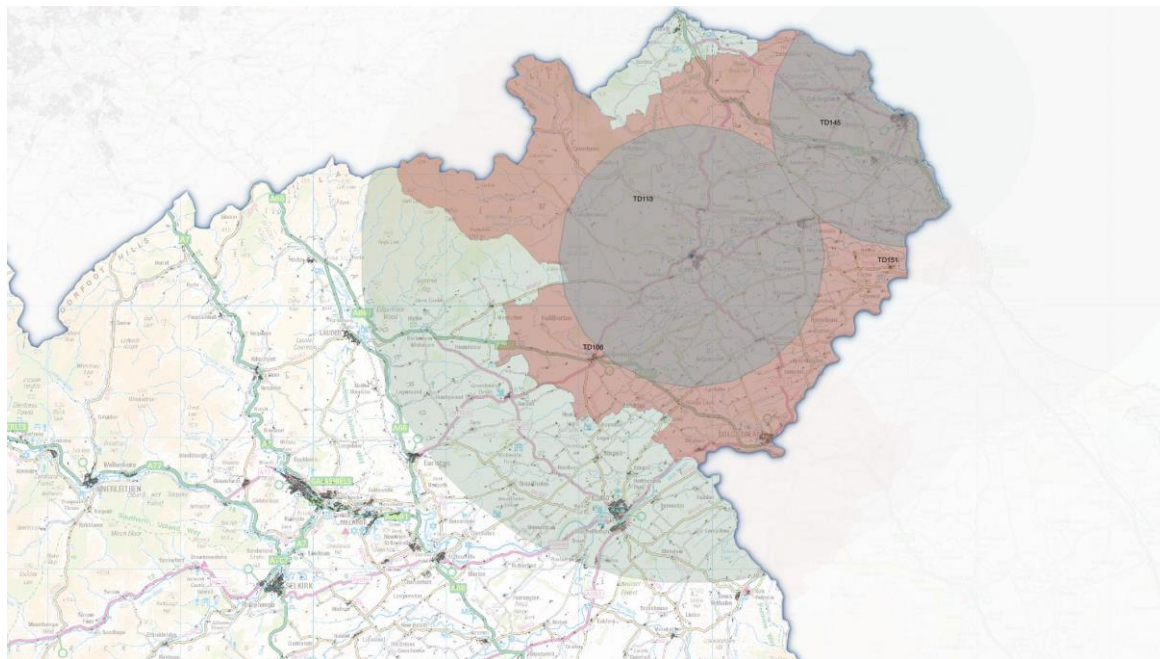
⁶ That is with no specific care provider in mind. Benchmark service delivery costs have been used, and the financial appraisal has not been designed around a specific provider.

projections are for substantial growth in 75+ years (84% over 20 years), and so it is reasonable to expect that the population within these 'hubs' will also grow substantially.

Table 4: Outright owners receiving care and household income

Location	Postcode sector	Number of clients in sector	Driving distance
Duns	TD10 6	13	
Duns	TD11 3	72	Some 15 mins
Eyemouth	TD14 5	79	
Coldstream	TD12 4	42	20 mins Duns
Others	TD3 6	5	20 mins Duns
	TD13 5	3	20 mins D/E
	TD15 1	8	15 mins D/E

Figure 1: Driving Circles - Duns and Eyemouth



4 Financial appraisal

Introduction

4.1 An initial financial assessment of the following two sites was undertaken as part of the development of the business case for Extra Care Housing in Berwickshire. As discussed above, the two main options are:

- The **Duns Site** involving the development of 30 Extra Care Housing units plus a further 20 affordable housing units; and,
- The **Eyemouth Site** involving the development of 36 Extra Care Housing units plus a further 24 affordable housing units.

Scope of the financial assessment

4.2 The financial assessment has involved:

- consideration of the likely scale and timing of the development costs involved together with the ongoing housing and care services costs required; and,
- review of the funding structure, in particular the balance of grant, private finance and contribution from other partners required to make the sites financially viable; and,
- assessment of the sensitivity of the site development plans to possible changes - for example, changes in land costs, rent levels, void rent loss etc

4.3 We also examined the prospects of the Council undertaking the development of the sites in house through the General Fund. It should be noted that the Housing Revenue Account would only be required where 50 or more units area developed. As the proposal here is to take a phased approach, there would be no requirement to establish an HRA until the second site at Eyemouth was to be developed. Until then, ownership and management could be dealt with through the General Fund.

4.4 The two sites were considered in the context of SBC's experience of delivering the Dovecot with Eildon Housing Association, and of the NHT project which the Council is involved.

Limitations

4.5 The limitations as set out in the introduction of this report apply.

Key Findings

4.6 Three development scenarios have been examined on each site as follows:

- to develop the ECH units only (this is referred to as Scenario A),
- to develop the ECH housing units plus some further affordable housing units for mid-market rent and shared equity (referred to as Scenario B); and
- to develop the ECH units plus additional units for shared equity release only (referred to as Scenario C).

4.7 The results of our appraisal are summarised in the table below;

Table 5: Summary financial appraisal (30 year discounted at 3.5%)

	Duns (50 units)	Eyemouth (60 units)
Housing mix		
Extra Care housing units	30	36
Mid-Market Rent	10	12
Shared Equity	10	12
Scenario A - ECH units only		
Gross	£764.6k (neg)	£657,234 (neg)
Per Unit	£25,489 (neg)	£18,256 (neg)
Scenario B - ECH units + extra units 50% Mid-Market Rent + 50% Shared Equity mixed tenure		
Gross	£623.1k (neg)	£638.8 (neg)
Per Unit	£12,462 (neg)	£10,647 (neg)
Scenario C - ECH units + extra units 100% Shared Equity units		
Gross	£423.7 (neg)	£236.6 (neg)
Per Unit	£8.475 (neg)	£3,944 (neg)

4.8 The key financial assumptions discussed at the Steering Group and with SBC officers and applied to the financial assessment of each site are set out in detail in Appendix I.

4.9 In summary, the financial assessment found the sites are currently negatively valued and, in the absence of other changes, will require additional subsidy to be financially viable as the cost to develop each Extra Care Housing site in Berwickshire exceeds the likely level of affordable housing grant subsidy available and the amount of private finance which the net rental income stream can reasonably support.⁷

4.10 Options for closing the development funding gap have been examined as summarised in the table below. The sensitivities were performed on **Scenario B** which is considered the most realistic delivery option.

⁷ The timescales for development are assumed as July 2017 start in Duns, and completion in June 2018, and April 2019 for start in Eyemouth and completion in April 2020. If these timescales are not achieved then the financial outcomes will not be materially different, although it will result in outcomes being slightly more negative than shown in this report. If there are changes in timescales, as with all other assumptions, then feasibility studies should establish the up to date position.

Table 6: Sensitivity analysis – Impact on NPV (30 year discounted at 3.5%)

	Duns (50 Units)	Eyemouth(60)
Scenario B - Base case	£623.1k (neg)	£638.8k (neg)
Land transferred at nil value	£384.8k (neg)	£352.8k (neg)
Increase in rents and/or other charges - 5%	£484.1k (neg)	£472.2k (neg)
Secure additional grant per unit of £5k	£434.3k (neg)	£410.9k (neg)
Increase in voids from 2% to 5%	£709.1k (neg)	£741.8k (neg)
Reduce development costs by 10%	£23.5k (neg)	£81.4k
Increase Sales by 5%	£569.9k (neg)	£572.0k (neg)

4.11 Table 2 show that the overall appraisal of the site is highly sensitive to changes in key assumptions (such as the land transferring at nil value, a reduction in development costs) and SBC with its local partners will have to consider the reasonableness and probability of success of each of these options in designing the optimal arrangements for each site.

4.12 The successful development of the sites is therefore dependent upon an appropriate package of funding which will have to be agreed by SBC, Scottish Government and other local partners including local RSLs and possibly NHS Borders.

4.13 The analysis also found:

- Undertaking the development in-house via the General Fund raises value for money concerns for a number of reasons not least because of the scale of the funding gap on each site. These are considered further below.
- The financial aspects of the care service delivery model are also discussed further below including the financial impact of operating a hub and spoke type model. However, the service delivery arrangements require to be more fully worked up in more detail over the next 6 to 12 months, based on further learning from current experiences at Dovecot. Our understanding is that the staffing levels are subject to further review at Dovecot including a real time monitoring exercise to be undertaken in the next few weeks. This will be useful in informing the development of the care services on the proposed sites in Berwickshire.

4.14 Overall the Eyemouth site performs marginally better in the appraisal than the Duns site. However, the limited difference in the financial appraisal of both sites we would recommend that both sites are kept under review at this stage.

4.15 The remainder of this financial assessment section is structured as follows:

- Initial development costs and timescales;
- Funding Extra Care Housing in Berwickshire;
- Sensitivity analysis/closing the development funding gap

- Developing a Sustainable Care Service Delivery Model;
- Rents, Service Charges and Affordability for tenants; and
- Conclusions and recommendations based on the financial assessment.

Initial Development Costs

4.16 A summary of the estimated development costs for the Duns Site and Eyemouth site is provided below. A comparison to Dovecot is provided also.

Table 7: Initial Development Costs – All units – Stated at Input values

	Duns (50 Units)	Eyemouth (60 units)	Dovecot (57 units)
Gross Development Costs All units	£M	£M	£M
Land	0.250	0.300	0.703
Build/works costs	5.898	7.079	4.237
Other development costs	0.501	0.543	0.496
Total	6.649	£7.922	5.436
Gross Development Cost Per Unit			
Per Unit - All	£133k	£132k	£133k
Per Unit - ECH	£151k	£148k	£146k
Per Unit – Other Units	£114k	£112k	£111k

4.17 This shows:

- The overall cost to develop the 50 units on the Duns site comprising 30 Extra Care Housing units and 20 affordable housing units is estimated to be £6.8m which equates to £136k per unit
- The overall cost to develop the 60 units on the Eyemouth site comprising 36 Extra Care Housing units and 24 affordable housing units is estimated to be £7.922m which equates to £132k per unit
- These costs are not dis-similar to Dovecot where the cost to develop the 22 general needs housing units was £2.445m which equates to £111k per unit and the cost overall to develop the 59 units was £7.88m which equates to £134k per unit.

4.18 Land costs for both sites have been based on £5k per unit payable to SBC and build costs based on £1,850 per square metre for the ECH units and £1,450 per unit for the other affordable housing units. Other development costs include a provision for all other costs associated with developing the site including provision for communal areas including staff room and guest suite, non-recoverable VAT, Land and Buildings Transaction Tax, professional, including design, fees and all other statutory fees etc.

4.19 Some site development constraints were initially identified including a water tank adjacent to the Eyemouth site, and reprovisioning of the playing fields at Duns, but these are considered to have been dealt with historically. Should any abnormal development costs or site constraints be identified in future then the financial appraisal would have to be updated accordingly.

4.20 The following timescales have been assumed for each site:

Table 8: Illustrative site development timescales

	Duns	Eyemouth
Site Assembly/Planning & Design	Now until start on site	Now until start on site
Construction phase		
Start on site	July 2017	April 2019
Construction period – ECH	9 months	12 months
Construction period - Other	9 months	12 months
Completion	April 2018	April 2019
Handover to housing management and care services	June 2018	April 2020

4.21 The above timescales detail that the Duns site would be the first site to be developed commencing in July 2017 with Eyemouth a year later and construction on both sites expected to take 9 and 12 months respectively. There is scope within the financial appraisal to adjust timescales, and this would not make a material effect on financial outcomes - changing the timescales outwards (beyond July 2017) may result in a slightly more negative financial outcome, but as with all the assumptions should be tested through detailed feasibility.

Funding Extra Care Housing in Berwickshire

4.22 In respect of the affordable housing support grant we have assumed:

- for the ECH units £81k per unit and benchmark rates for the other housing - £58k per unit if social renting and £30k if Mid-Market Rent.
- the HAG funding on Dovecot was £65k overall - £81k for the extra care units and £39k per unit for the general needs housing.

4.23 These are considered to be reasonable estimates of the grant support that SBC could realistically expect under the current arrangements. We have not assumed higher grant rates in the base case assessments (Scenarios A to C for each site) as there is currently some uncertainty around actual future grant rates and arrangements which SBC will need to keep under review over the next few months including:

- the outcome of the Comprehensive Spending Review (CSR) will be announced in November with the distribution within the Scottish portfolios, including to the housing portfolio, expected in January or February 2016. Consequently it will be March 2016 at the earliest before we know actual grant rates for future years. It is not currently clear at this point whether this CSR will cover the following three year period, which it has done in the past, or just the next financial year. However, from discussions with Scottish Government officials, it is our understanding that Ministers will be considering proposals contained centred on two key issues:
 - increased rates (generally); and
 - creation of a separate funding stream for specialist housing.

- 4.24 Both of these would be helpful for development of the Berwickshire sites.
- 4.25 It is also worth noting that variations in excess of the benchmark rates can be approved (this is allowed within the guidance as previously reported for both Council and RSL schemes) but SBC would need to make the housing business case for it.
- 4.26 Specialist features such as wet rooms, bespoke kitchens etc may have higher costs attached to them and they may take these into account but the Scottish Government will only fund the housing element. There is also an additional £4,000 per unit for homes built to a greener standard.
- 4.27 Applications for above benchmark grant will require to be supported by full justification, and will only be considered when all other avenues for reasonable savings have been explored. For example this could include development of alternative sites, contract negotiation; the use of alternative materials or build methods; design modification. Other funding sources should also have been explored.
- 4.28 In agreeing any above benchmark approvals the impact on the number of units that can be delivered should be considered locally by Councils and Scottish Government.
- 4.29 Finally, the Scottish Government is understood to have shifted from the very detailed assessment of site proposals as would have been the experience with Dovecot eg requiring detail of the costs being incurred on internals, externals, communal etc and then moving to exclude communal areas (like the staff rooms, laundry facilities, guest suite etc) which are considered to be non-housing. The position is now that the Scottish Government makes a “contribution” to the housing element only based on the benchmark rates.

Local authority delivery via the general fund

- 4.30 In line with the brief, the consultants were asked to consider the feasibility of the Council directly developing and continuing to own management and maintain the housing provided (including the extra care housing units).
- 4.31 Our assessments of the sites suggest it is not viable for the Council to develop the sites identified in Berwickshire either individually or collectively either via the general fund or through re-establishing a separate Housing Revenue Account.
- 4.32 Direct development of the sites by SBC raises value for money considerations when compared against other, more economic delivery arrangements and when the opportunity cost of prioritising resources/tying up limited capital funding (either through prudential borrowing or via capital financed from revenue) in this way is considered. There are alternative sources of capital available external to the Council to fund this development activity which are not accessible for funding other Council services.

Developing a Sustainable Care Service Delivery Model

- 4.33 As well the initial development activity and the ongoing management and maintenance of the properties we also considered the financial aspects of the care service. A hub and spoke arrangement has been discussed and Table 1 sets out the care hours assumed at each site, based on the full 50 or 60 units (not only the 30 ECH units).

Table 9: Estimated Care hours Per Week

	Duns (50 Units)	Eyemouth (60)	Dovecot (57)
Hub Hours	710	850	850
Spoke Hours:	320	320	nil
Total	1030	1170	850

- 4.34 This shows we have assumed a provision of:

- 780 hub hours in Duns and 850 hub hours in Eyemouth, which is equivalent to the contracted hours at Dovecot (850 hours for 40 clients per week) for the Eyemouth site (there is only 1 unit of a difference between Dovecot and the Extra Care Housing units planned at Eyemouth) and a prorate allocation for Duns.

- 4.35 The volume of hours to be delivered in the surrounding community (the spoke hours) is more difficult to estimate at this stage but we have assumed a further

- 320 hub hours from each site. These estimates are based on a review of the estimated clients in need of care within a 10 minute travel distance of either site and a target penetration of broadly 40%.

- 4.36 These are working estimates which will have to be updated as more information becomes available. For example, it is fair to say the experience at Dovecot has been that it is difficult to accurately estimate the care hours required and the timing of those hours to match up appropriate staffing and skills levels.

- 4.37 Recent discussions with SBCares suggests that the staffing levels at Dovecot remain under review and there are continuing concerns around the volume of staff hours required and the grades of staff involved (eg senior staff doing tasks that less skilled staff could perhaps complete, particularly meal preparation at lunchtime). Total staffing hours in some weeks is 15% in excess of contracted hours (to allow for staff cover plus senior and mangement time etc).

- 4.38 SBCares operates to a budget of 850 hours a week for Dovecot and variances are managed within that - unlike home care which varies/fluctuates week to week. From discussion it is understood there is a waiting list for Dovecot but SBCares is not able to take any more care clients at the moment.

4.39 SBCares has real time monitoring and so they are just about to review shift and working patterns at Dovecot again – possibly 5 days in 7 or 4 on 4 off. Different arrangements have been tried in the past with limited success. The September Staff Rota shows 760.55 client visit hours split as follows:

Morning	217.00	29%
Afternoon	150.45	20%
Evening	280.50	37%
Night	112.20	15%
All	760.55	100%

4.40 From discussions it appears there is a need to have a workforce with a range of skills better matched to the tasks required (eg perhaps more junior staff covering lunch visits) and focussing skilled staff on the personal care activities. Modern arrangements appear to include some front of house/admin/concierge type support and increased use of technology including telehealth equipment. The hub and spoke model may lend itself better to this type of arrangement.

4.41 Catering, and possibly cleaning, has not formed part of our analysis but may need to be further considered given the experience at Dovecot with the Redcross and Kingsmeadow withdrawing from the service.

4.42 We have assumed a fee charge per hour of £15 and service cost of delivery of £11 per hour. More detailed plan would have to be drawn up to assess the viability of the care service.

Affordability for tenants

4.43 The financial assessment is based on the following rents, service charges and sales levels:

- Monthly rents of £310 for a 1 bed property and £325 for a 2 bedroom property.
- Mid-Market Rent at 100% of LHA per the NHT scheme, which for rents at 1st April 2015 levels is equivalent to £312 for a 1 bedroom property and £400 for a 2 bedroom property.
- Sales values are based on current market activity. 1 bed flats in Duns range from £85k to £100k and the 2 bedroom flats up to £125k. Eyemouth has a more buoyant sale market compared to Duns, although with values in the right location in Eyemouth selling at £100k for 1 bed and £125 to £135k for a 2 bedroom property. As the properties will be good quality new build the upper values have been assumed.
- Service charges are set at the Dovecot level of £188.57 per week and will need to be revisited once actual services to be delivered on site is available. The financial model assumes that the service charges breakeven – ie no net income or deficit in the financial plan.

4.44 Care charges were considered in detail in the stage 1 review of Dovecot and have not been revisited here. We have assumed fee income of £15 per chargeable care hour contracted for the care provider. We have not assumed a fixed rate (as per Dovecot). The split of this between SBC and direct payment by the client has not been assessed at this stage.

5 Option Appraisal

- 5.1 The final stage of business case is a systematic appraisal of the options. For all option appraisals, the full set of options should be appraised, along side the status quo – Do nothing / carry on as you are.
- 5.2 In considering these options, it should be remembered that wider recommendations have been made in relation to meeting the needs of older people with medium/high dependency in Berwickshire, Hawick and Kelso. These were:
- Berwickshire – to pursue a twin tracked approach - new supply of ECH is Duns and Eyemouth **and** to pursue conversion of existing sheltered housing to Housing with Care through negotiation with RSL partners;
 - Hawick – to pursue conversion of existing sheltered housing to Housing with Care through negotiation with RSL partners, and in the medium term to explore options for ECH provision for the longer term;
 - Kelso - to pursue conversion of existing sheltered housing to Housing with Care through negotiation with RSL partners.
- 5.3 Key in these recommendations is that **ECH provision is not the only option**, and should be pursued in tandem with the plans for Housing with Care. However, the extent of need in Berwickshire means that **both** ECH and Housing with Care should be planned for now.
- 5.4 Six ECH options have been appraised, with the additional scenario of Council owned and managed option. These options have been analysed under the following criteria, as proposed to the steering group:

Criteria	Criteria definition
Impact on potential service users and the wider community	The proposal meets the current and likely future aspirations and needs of service users and their carers.
Strategic fit - SBC and CPP partners health, care and housing objectives	The proposal meets aims, objectives and values of the health, social care and housing partners. It would assist SBC and partners in meeting their collective strategic objectives.
Financial impact - capital funding	It is clear how the housing proposal will be funded in capital terms, and is fundable from the SBC and SG perspective.
Operational fit and sustainability	Social care and health services and processes will be positively impacted by the scheme, is deliverable and can be funded– for social care, and housing management.
Risk	There is an acceptable level of risk, or uncertainty, or risk can be managed

5.5 A RAG (Red, Amber, Green) system is then used by the consultants to make a comparative independent assessment - comparing each with the status quo and the other alternatives - assessing the extent to which each option is sub-optimal, or optimal.

5.6 The options assessed are:

Table 10: Options summary

Status quo / do nothing	Current housing and care supply and services in Berwickshire;
Option 1A	Duns 30 units ECH units only Care service ECH only
Option 1B	Duns 30 units ECH 10 units MMR 10 units Shared equity Care service hub and spoke
Option 1C	Duns 30 units ECH 20 units Shared equity Care service hub and spoke
Option 2A	Eyemouth 36 units ECH units only Care service ECH only
Option 2B	Eyemouth 36 units ECH 12 units MMR 12 units Shared equity Care service hub and spoke
Option 2C	Eyemouth 36 units ECH 24 units Shared equity Care service hub and spoke
Option 3	General Fund option Duns 30 units ECH only Eyemouth 36 units ECH units only

Comparative Option Appraisal

Option	Status Quo	Option 1A	Option 1B	Option 1C	Option 2A	Option 2B	Option 2C	Option 3
Option description	Do nothing / carry on as you are	Duns 30 ECH units , Care service for 30 units only	Duns 30 ECH units, 10 MMR, 10 SE, care hub and spoke	Duns 30 ECH units, 20 SE, care hub and spoke	Eyemouth 36 ECH units , Care service for 36 units only	Eyemouth 36 ECH units, 12 MMR, 12 SE, care hub and spoke	Duns 36 ECH units, 24 SE, care hub and spoke	Council General Fund Option owning and management / or out source management
Impact on potential service users and wider community	Does not meet projected need or demand	Meets some projected need and demand for housing and care	Meets more projected need and demand - housing and wider hub and spoke care service	Meets more projected need and demand - housing and wider hub and spoke care service	Meets some projected need and demand	Meets more projected need and demand - housing and wider hub and spoke care service	Meets more projected need and demand - housing and wider hub and spoke care service	Meets some projected need and demand
Strategic fit - SBC and CPP partners health, care and housing objectives	Does not add to health, care and housing objectives	Meets health, care and housing objectives, although limited to 30 units on site	Meets health, care and housing objectives, with wider reach - community and tenure types	Meets health, care and housing objectives, with wider reach, although may not be demand for 20 SE	Meets health, care and housing objectives, although limited to one site	Meets health, care and housing objectives, with wider reach - community and tenure types	Meets health, care and housing objectives, with wider reach, although may not be demand for 24 SE	Meets health, care and housing objectives, although limited to one site
Financial impact - capital funding	No impact on capital budgets	Poorest performance - highest subsidy from SBC / partners	Mid range level of subsidy, although can be improved with nil land and reduction in costs	Best financial performance for Duns site	Poor performance, high subsidy requirement from SBC	Mid range level of subsidy, although can be improved with nil land and reduction in costs	Best financial performance for Eyemouth site	Poorest value for money; does not allow for grant from other sources, or use of private finance as RSLs

Operational fit and sustainability	No positive impact on operational processes. Current operational pressure continues	More positive impact than status quo, although limited reach. Care service will be less affordable for tenants i.e. will require fixed rate	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	More positive impact than status quo, although limited reach. Care service will be less affordable for tenants i.e. will require fixed rate	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	Least effective as will require new processes and systems to be established for housing services, unless out sourced.
Risk	Risk of increasing need and service pressure continues	Lowest risk for housing provision, and care service	Medium level risk spread across different type of housing tenure, and spread of care service geographically.	There may be a risk that this level of SE may not sell, but this will depend on the level of equity required and flexibility of the scheme.	Lowest risk for housing provision, and care service.	Medium level risk spread across different type of housing tenure, and spread of care service geographically.	There may be a risk that this level of SE may not sell, but this will depend on the level of equity required and flexibility of the scheme.	Greatest risk here is the diversion of scarce resources in the General Fund from competing services.

6 Conclusion and Recommendation

6.1 This business case development has provided a comprehensive analysis including:

- Needs assessment for Berwickshire, Kelso and Hawick
- Comparative research on different models of housing and care provision for medium to high level needs
- Development of the options, including the range of assumptions required to build up these options
- Analysis of the care options, including a hub and spoke model to widen reach of service, drive economies and increase the chance of affordable care service provision for clients
- Financial analysis of the options, and discussion of funding options with Scottish Government.
- Option appraisal.

6.2 Based on this body of evidence it is concluded for Berwickshire, Kelso and Hawick that:

- Scottish Borders Council should continue with its approach to meet the need of medium to high level care needs of older people by implementing its strategy of conversion of sheltered housing to **Housing with Care** through negotiation with RSL partners;

6.3 For Berwickshire it is recommended that SBC should work with partners to:

- Develop Extra Care Housing, commencing with Duns, and at a later stage Eyemouth. This is because the most pressing need is in Duns, and while there is demonstrated need in Eyemouth, there is already some current care home provision and scope for conversion of sheltered housing to Housing with Care.
- Move to feasibility study for the Duns site. It is recommended that this be a mixed tenure approach, including social rent ECH, MMR and shared equity. An alternative would be ECH and shared equity only, but at a level of shared equity which manages sales risk.
- All of the options are negatively valued, and so there will have to be some additional funding from SBC and/or its partners, over and above Scottish Government funding. Critical to the level of funding will be the consideration for the SBC owned land, and reducing development costs where possible.
- The final numbers, and balance between tenures will be determined by a detailed feasibility study. It should be noted that there is scope to make a case for increasing flexibility on the level of equity in shared equity⁸, as other Scottish Government projects have demonstrated. There are also possibilities in future of specific grant funding for specialist needs projects, and for wider flexibility of grant levels which SBC should keep under review with Scottish Government.

⁸ Refer to the Link Group shared equity for older people example in the comparative research – Part 1 Final Report July 2015.

Summary of development site assumptions

Development Activity Assumption	Option 1 - Duns		Option 2 - Eyemouth		Notes
	ECH provision	Affordable housing units	ECH provision	Affordable housing units	
Site Capacity (Units)	30	20	36	24	
1 bed	12	8	14	10	
2 bed	18	12	22	14	
Tenure	100% Social Renting	Mixed Tenure	100% Social Renting	Mixed Tenure	Scenario B = 50% MMR + 50% SE, Scenario C = 100% SE
Land values (per unit)	£5,000	£5,000	£5,000	£5,000	The above tenures related to the additional units
Land value £	£150,000	£100,000	£180,000	£120,000	over and above the ECH units.
Build programme detail					
1 bed - M2	62.00	62.00	62.00	62.00	
2 bed - M2	75.00	75.00	75.00	75.00	
Cost per M2	£1,850	£1,450	£1,850	£1,450	
Gross Build Cost	£3,873,900	£2,024,200	£4,658,300	£2,421,500	
Average Build Cost Per Unit	£129,130	£101,210	£129,397	£100,896	
Other Build Costs (please detail)					
Communal areas (including staff room + guest suite)	£300,000	-	£300,000		Balance between cost categories may need
Non recoverable VAT	£5,100		£7,200		revising. Overall provisions considered
LBTT	£1,260		£1,860		reasonable.
Eg survey fees/design fees, NHBC or equivalent	£193,695		£232,915		
Total Additional Development Costs	£500,055	£0	£541,975	£0	
Gross Development Cost (GDC)	£4,523,955	£2,124,200	£5,380,275	£2,541,500	
GDC per unit	£150,799	£106,210	£149,452	£105,896	Dovecot was £147k per unit
Avg cost per unit	£132,963		£132,030		
Development Timescale	Years 1 to 3	Years 1 to 3	3 to 5 years	3 to 5 years	
Build start on site	Jul-17	Jul-17	Apr-19	Apr-19	
Build end on site	Mar-18	Mar-18	Dec-19	Dec-19	
Handover arrangements					
Start of handover	Nov-17	Nov-17	Aug-19	Aug-19	
End of handover	Jun-18	Jun-18	Apr-20	Apr-20	
Rental (pcm)	£310 and £325	£312 and £400	£310 and £325	£312 and £400	ECH based on dovecot, MMR at 100% LHA.
Service charges (pcm)	£189	£189	£189	£189	
Funding					
HAG Per unit - ECH units	£81,000	n/a	£81,000	n/a	ECH Based on Actual Grant at Dovecot
HAG Per unit - GN units	n/a	n/a	n/a	n/a	MMR At Benchmark
Per unit - SE	n/a	£30,000	n/a	£30,000	SE at 100% finance (balance from SG)
Private finance - All in financing rate	6.0%	6.0%	6.0%	6.0%	
Interest on balances held	0.7%	0.7%	0.7%	0.7%	
House Prices					
1 bed	£100,000	£100,000	£100,000	£100,000	
2 bed	£135,000	£125,000	£125,000	£135,000	

Inputs - Housing Services Operating Activity

Total Units for this Site

No of Units where Service Chgs apply:

MM Rent	Social Rent
368	0
0	0
0%	0%

Basis:	% pa	% pa	£ papu	£ papu	£ papu	£ papu	£ papu	£ papu	% pa	% pa	£ papu	£ papu	£ papu	£ papu	£ papu
Year	Housing Services							MMR							
	Voids	Bad Debts	Hsng Mgt	Serv. Cost	Resp. Rep	Cyc. Rep	Maj Reprs	Serv. Chgs	Voids	Bad Debts	Hsng Mgt	Serv. Cost	Resp. Rep	Cyc. Rep	Maj Reprs
Yr 1	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 2	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 3	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 4	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 5	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 6	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 7	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 8	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 9	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 10	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 11	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 12	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 13	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 14	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 15	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 16	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 17	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 18	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 19	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 20	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 21	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 22	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 23	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 24	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 25	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 26	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 27	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 28	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 29	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 30	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750

Summary of care services activity - Duns Site

Total number of Units in this Scenario

30

1. Care Hours & Care Clients

Core Care Provision (Hub)					
%	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum	Cost Uplift Factor
Low care needs	0%	0.0	0	0	1
Med care needs	100%	30.0	710	36,920	1
High care needs	0%	0.0	0	0	1
	100%	36.0	710	36,920	

Other Care Provision (Spoke)				
Area	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum
	10.00	32	320	16,640
			0	0
			0	0
	10.00	32	320	16,640

2. Care income

per hour per annum

£15.00 £553,800

3. Care cost

820

£11.00 £469,040

4. Net Care Surplus/(Deficit)

NB Adj'd for Uplift

£4.00 £84,760

2. Care income

per hour per annum

£15.50 £257,920

3. Care cost

370

£11.00 £211,398

4. Net Care Surplus/(Deficit)

£4.50 £46,522

5. Other Income (£pupa once units brought into Management)

£0.00

Dates OK

Summary of care services activity - Eyemouth

Total number of Units in this Scenario

36

1. Care Hours & Care Clients

Core Care Provision (Hub)					
%	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum	Cost Uplift Factor
Low care needs	0%	0.0	0	0	1
Med care needs	100%	36.0	850	44,200	1
High care needs	0%	0.0	0	0	1
	100%	36.0	850	44,200	

Other Care Provision (Spoke)				
Area	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum
	10.00	32	320	16,640
			0	0
			0	0
	10.00	32	320	16,640

2. Care income

per hour per annum

£15.00 £663,000

3. Care cost

970

£11.00 £554,840

4. Net Care Surplus/(Deficit)

NB Adj'd for Uplift

£4.00 £108,160

2. Care income

per hour per annum

£15.50 £257,920

3. Care cost

370

£11.00 £211,398

4. Net Care Surplus/(Deficit)

£4.50 £46,522

5. Other Income (£pupa once units brought into Management)

£0.00

Dates OK

Inputs - Economic Factors

Discount Factor and various

Discount Rate For	3.50%	Opening Balance Sheet Date	Apr - 2016	VAT	20%
Term of appraisal	30 years	Opening Cash	£0	Set up costs	£0

General and real movement on base prices

Basis:	General	Real Growth - Design and Build						Real Growth - Housing Operations						Exit	Real Growth - Care	
Year	RPI/CPI	Sales	Land Cost	Build	Infrastr.	Fees	Oth. DC	Rents	Serv. Chgs	Hsng Mgt	Serv. Cost	R & C	Maj Reps	Disposals	Care income	Caare Cost
Yr 1	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 2	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 3	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 4	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 5	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 6	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 7	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 8	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 9	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 10	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 11	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 12	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 13	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 14	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 15	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 16	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 17	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 18	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 19	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 20	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 21	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 22	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 23	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 24	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 25	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 26	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 27	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 28	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 29	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 30	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%

Reference	Commitment													
	2005/06 £	2006/07 £	2007/08 £	2008/09 £	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Balance b/fwd	0	666,951	1,067,389	1,553,846	1,765,641	1,574,913	1,586,428	1,597,335	492,194	966,348	905,712	1,618,358	1,490,540	2,205,540
Funding available in year (updated 10/04/14)	666,951	700,438	719,457	739,795	771,594	794,592	849,361	854,423	863,248	833,911	859,015	855,000	855,000	855,000
Trinity House - Capital expenditure							161,171							
Additional costs to alter Heating System							-161,171	0	544	0				
Scottish Borders Housing Association								32,150.00	650					
								-32,150.00						
									-650.00					
Innerleithen High Street Gap Site Part of Strategic Local Programme (see below)								0.00	0	14,182	0	345,818		
SBHA - Stonefield (8 "Right to Buy" flats)										-14,182				
Approved - Executive 18/09/12								105,000.00	88,000	0	0	167,000		
								-105,000.00	-88,000.00					
Tweedside Homes - 6-10 Chris Paterson Place, Balnakiel, Galashiels														235,000
Approved - Executive 18/09/12														
Strategic Local Programme														
Easter Langlee (Phase I)									266,961					
									-266,961					
Kingsmuir Drive, Peebles (Dunwhinny)										234,000				
										-234,000				
Acredale Phase II									27,921	421,544				
									-27,921	-421,544				
Stonefield Phase I										0	47,000			
											-47,000			
NHT/LAV PROJECT														
12/12/2013														
Bridge Homes - Castle View, Ayton										60,000				
										-60,000				
Bridge Homes - Queen Elizabeth Drive, Easter Langlee (Melrose Gait)										90,000				
										-90,000				
Bridge Homes - various											84,000	330,000		975,000
											-84,000			
Bridge Homes - Violet Bank											195,000			
											-195,000			
REVENUE EXPENDITURE												140,000	140,000	140,000
TOTAL COMMITMENT IN YEAR		300,000	233,000	528,000	962,322	783,077	838,454	1,959,563.26	384,076	819,726	326,000	982,818	140,000	1,350,000
LESS TOTAL EXPENDITURE IN YEAR	0	-300,000	-233,000	-528,000	-962,322	-783,077	-838,454	-1,959,563.26	-384,076	-819,726	-326,000	0	0	0
OUTSTANDING COMMITMENT AGAINST BUDGET	0	0	0	0	0	0	0	0.00	0	0	0	982,818	140,000	1,350,000
NEW BUDGET IN CURRENT FINANCIAL YEAR (Cumulative Total)	666,951	1,367,389	1,786,846	2,293,641	2,537,235	2,369,505	2,435,789	2,451,757.67	1,355,442	1,800,259	1,764,727	2,473,358	2,345,540	3,060,540
ADJUSTMENT FOR UPDATED CUMULATIVE ULTIMATE (wef end 14/15 based on actual collection)									-5,018	-74,821	65,205			
ADJUSTMENT FOR INTEREST AWARDED											2,096			
ADJUSTMENT FOR 'ULTIMATE COLLECTION'											112,330			
LESS EXPENDITURE IN YEAR	0	-300,000	-233,000	-528,000	-962,322	-783,077	-838,454	-1,959,563.26	-384,076	-819,726	-326,000	0	0	0
LESS OUTSTANDING COMMITMENTS	0	0	0	0	0	0	0	0.00	0	0	0	-982,818	-140,000	-1,350,000
TOTAL BUDGET CFD INTO NEW FINANCIAL YEAR	666,951	1,067,389	1,553,846	1,765,641	1,574,913	1,586,428	1,597,335	492,194.41	966,348	905,712	1,618,358	1,490,540	2,205,540	1,710,540

AFFORDABLE HOUSING INVESTMENT BUDGET (Council Tax 2nd Homes) - POSITION AS AT 17/6/16

	B/F - Balance as at 31st March 2016	1,294,714	
	Add: Adjustment to reflect actual collection (as at 31/03/16)	209,218	
	Add Interest Awarded	2,096	
	Add Adjustment for 'Ultimate Collection'	112,330	
	TOTAL BALANCE BROUGHT FORWARD		1,618,358
	2016/17 Budget assumed	855,000	
	Total Resources 2016/17		2,473,358
	Expenditure incurred to 10/8/16	0	
Committed 2016/17	REVENUE SPEND	140,000	
Executive 25 April 13	Innerleithen High Street (Gap Sites)	345,818	
Executive	SBHA - Stonefield (phased)	167,000	
Executive	Bridge Homes -Hendersons Court (prev Bowmont St) Kelso - draft contract est 30/6/16	120,000	
Executive	Bridge Homes - Queensberry, Denholm - acquired per contract- 1/12/16	120,000	
Executive	Bridge Homes - Waverley Road, Innerleithen	90,000	
			982,818
	Estimated Remaining Balance for earmarking and C/F to 2017/18	1,490,540	
	Budget 2017/18	855,000	
	Total Resources 2017/18		2,345,540
Committed 2017/18	REVENUE SPEND	140,000	
			140,000
	Estimated Remaining Balance for earmarking and C/F to 2018/19	2,205,540	
	Budget 2018/19	855,000	
	Total Resources 2018/19		3,060,540
Committed 2018/19	REVENUE SPEND	140,000	
Executive 18/09/12	Tweedside Homes - 6-10 Chris Paterson Place, Balnakiel, Galashiels	235,000	
Executive	NHT/LAV - Springfield, Duns x10	150,000	
	NHT/LAV - Innerleithen Road, Peebles - x 4	60,000	
	NHT/LAV - Station Yard, Cardrona - x 17	255,000	
	NHT/LAV - Burgh Yard, Galashiels - x 20	300,000	
	NHT/LAV - Earlston Old High School x 14	210,000	
			1,350,000

Earmarked Balance - 2nd Homes Council Tax

Balance brought forward from 2014/15	£905,712	fed from balance bfd
Plus adjustment to previous year's collection	£65,205	
Plus adjustment to Ultimate Collection figure	£112,330	
Plus additional income received 2015/16	£144,015	
Plus interets received 2015/16	£2,096	
Base Budget 2015/16	£715,000	
Project/scheme total expenditure:		
SBHA - Stonefield (phased)		-£47,000
Bridge Homes - various		-£279,000
TOTAL	£1,944,358	-£326,000

£1,618,358
Balance
cd/fd to
2016/17

2ND HOMES CTAX - YEAR END 2015/16

BUDGET MOVEMENT REQUIRED

	DR	CR
1 Move balance from Ctax - Actuals		
WH1202-97244		144,015
HD6117-56116	144,015	
2 Adjustment for changes in prev years collection		
WH1202-97244		65,203
HD6117-56116	65,203	
3 Earmark balance unspent		
HD6117-56116		1,503,932
XF2535-49994-81	1,503,932	
4 Reverse EMB (16/17)		
HD6117-56116	1,503,932	
XF2535-49994-81		1,503,932
5 Adjustment to Ultimate Collection Figure		
WH1202-97244		112,330
HD6117-56116	112,330	
6 Earmark Adjustment		
HD6117-56116		
XF2535-49994-81		
4 Reverse EMB (16/17)		
HD6117-56116		
XF2535-49994-81		

Base Budget - HD6117-56116

14/15 Base	715,000	
Adjustment for changes in previous years income	65,203	
Adjustment for actual collection 15/16	144,015	
	<u>924,218</u>	
EMB from 14/15	905,714	
	<u>1,829,932</u>	
Less 15-16 spend	<u>-326,000</u>	
Amount to be c/f to 16/17	1,503,932	Based on Actuals

Interest

Balance b/fwd 15/16	905,714
Less spend in year	-326,000
Interest to be paid on	579,714

Total Interest Awarded 2,096 Actuals

Adjustment 1

	859,015	actual; 15/16 collection figure
-	715,000	Less base budget
	144,015	

year end file from Lorna Tice

Adjustment 2

112,330 Ultimate Collection Figure 05-15/16 (From Lorna's Year End)

FROM 2016 NEED TO RECHARGE 140K STAFFING COSTS TO HD6111-92183

John Yallop to do transaction Apr 16 (2k)

Cost

Centre	Cost Centre Long Desc
HD6117	NEW BUILD FROM COUNCIL TAX
HD6117	NEW BUILD FROM COUNCIL TAX
HD6117	NEW BUILD FROM COUNCIL TAX
HD6117	NEW BUILD FROM COUNCIL TAX
HD6117	NEW BUILD FROM COUNCIL TAX
HD6117	NEW BUILD FROM COUNCIL TAX

Subjective

Code Full	Subjective Description
56116	PAYMENTS TO EXTERNAL BODIES
56116	PAYMENTS TO EXTERNAL BODIES
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56116	PAYMENTS TO EXTERNAL BODIES

Period	Posting Date	Journal ID	Journal Description	Ref 1
7	26/10/2015 00:00	JL4800	BRIDGE HOMES 2ND HOME COUNCIL TAX	JY
7	26/10/2015 00:00	JL4800	BRIDGE HOMES 2ND HOME COUNCIL TAX	JY
7	26/10/2015 00:00	JL4800	BRIDGE HOMES 2ND HOME COUNCIL TAX	JY
8	01/12/2015 00:00	APS466	2 HOMES COUNCIL TAX - STONEFIE	201511271900
10	29/01/2016 00:00	JL4878	BRIDGE HOMES VB (4) SHCT CONTR	SR
10	29/01/2016 00:00	JL4878	BRIDGE HOMES MUESLIE DR SHCT CONTR	SR

Ref 2	Ref 3	Ref 4	Journal Amount	Journal Quantity	Subjective Code	NOTES
			153400	0		
			16000	0		
			16000	0	56116	
900454886	54721	SCOBOR	47000	0.47		
			9600	0		
			84000	0	56116	

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