
EXTRA CARE HOUSING: BUSINESS CASE FOR BERWICKSHIRE

Report by Service Director Regulatory Services

EXECUTIVE COMMITTEE

8 MARCH 2016

1 PURPOSE AND SUMMARY

- 1.1 **This report proposes that 2 new extra care housing schemes should be developed, owned and managed by a Registered Social Landlord at identified Council owned sites in Duns and then Eyemouth. This report provides a brief overview of the business case for the provision of extra care housing in Berwickshire and the process used to inform the development of that business case which included testing the needs assessment for extra care housing, a separate evaluation of the Dovecote extra care housing in Peebles and an option appraisal.**
- 1.2 The needs assessment concluded that there is a large projected need for this type of housing model in Berwickshire and findings indicate a requirement for two new extra care housing developments with the first being built in Duns and the subsequent development in Eyemouth. Through an option appraisal approach, the study also concluded that it would be best value if the projects were developed, owned and managed by a Registered Social Landlord, although it is anticipated that these are high costs projects they are highly likely to require some gap funding from the Council's Affordable Housing Budget.
- 1.3 It is envisaged that these developments will provide both housing for social and mid-market rent and shared equity options, all of which are considered as being compliant with the Councils Affordable Housing Policy definitions. Further individual site specific feasibility studies are required to test the financial modelling.
- 1.4 The evaluation of Dovecot Court concluded that the Dovecote extra care housing is meeting this type of need that it was intended to address, and also makes a number of recommendations for service provision at Dovecot, and which will also influence future services provided in future new build developments.

2 RECOMMENDATIONS

- 2.1 **I recommend that Members consider the findings for the business case in the report at section 5 and agree that:-**

- (a) Officers initiate discussions with RSL partner organisations to establish and agree the most appropriate partner who is financially viable, experienced and capable of delivering projects of this scale.**
- (b) Officers continue to liaise with Scottish Government to trail the intention to develop these projects via the Strategic Housing Investment Plan and established processes.**
- (c) Agree in principle to assist the development of these two proposed affordable housing projects by using the Council's 2nd Homes Council Tax budget to compensate the 10-year Capital Investment Programme on the basis of affordable housing valuation for the sites.**
- (d) Agree 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.**

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. The LHS identifies an affordable housing shortfall of 103 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 Borders population. The LHS reflects that the Council has a policy commitment of shifting the 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.
- 3.2 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 availability of extra care housing by building upon the strong corporation of our housing partners. At the time of the LHS's development there were no extra care housing facilities in the Borders however, in May 2013 Dovecot Court, a 37-property extra care housing facility in Peebles was opened which is suitable for older people and offering 24 hour/7 days per week care and support. The Council has been seeking to review the need for and best way to deliver Extra Care Housing or Housing with Care in Berwickshire, Hawick and Kelso. This is one of the key priorities highlighted in Planning for Change set out in the Draft Health and Social Care Strategic Plan which identifies a need to further develop the case for extra care housing for older people in Berwickshire.
- 3.3 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.
- 3.4 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 provides an alternative to being cared for at home or going straight into a care home. 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 support.
- 3.5 In November 2014 a brief was developed in order to commission consultancy services to produce a business case detailing the requirement and options for Extra Care Housing (ECH) in the Berwickshire area of the Scottish Borders. This was later extended to cover Borders wide, the

findings of which will be used for planning purposes as this report focuses purely on the Berwickshire area.

4 DEVELOPING THE EXTRA CARE HOUSING BUSINESS CASE

- 4.1 Anna Evans Housing Consultancy in partnership with is4 housing and Regeneration Ltd were appointed in February 2015 to develop a business case for the provision of Extra Care Housing (ECH) in Berwickshire. Both organisations have significant relevant experience of this type work including specialist knowledge and experience in research, evaluation and strategy/business plan development for older people housing options.
- 4.2 The remit of the commission was to undertake the work in two parts, with the first part being to carry out a needs assessment to establish supply and demand for extra care/housing with care across Berwickshire, Hawick and Kelso. This involved a comprehensive data analysis of SBC Social Work client data, Care Home Occupancy data, Population Estimates and Projections at datazone level, RSL sheltered housing tenant profile and demand data, delayed discharge information and dementia data. Occupancy levels of care homes and broader 'demand' indicators for other housing options which older people with care and support needs may consider was also examined.
- 4.3 Part two of the commissioned work was to develop and appraise the options for ECH in Berwickshire including comparative research on different models of housing and care provision for medium to high level needs and 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 and financial analysis of the funding options, and upon establishing that requirement to provide detailed options, costs, recommendations and estimated timescales for provision of new ECH provision in Berwickshire.
- 4.4 An evaluation of Eildon Housing Association owned Dovecot Court, extra care housing in Peebles was also commissioned to inform the final business case report. This involved a full evaluation which included views of all stakeholders including internal and external stakeholders including the involvement of key Care and Housing Staff, tenants, family and friends of tenants. The evaluation also required the analysis of key service data and drew upon other areas of good practice. A separate report for the evaluation of Dovecot has been provided by the Consultant, the findings of which has informed the development of the extra care housing business case and the wider conclusions and the full recommendations of that report will be reported separately to CMT.
- 4.5 A Steering Group was established to oversee the progress of the work and included Senior Officers from Housing, Finance, Social Work and Contracts. For the Evaluation of Dovecot, the Chief Executive of Eildon Housing Association joined the steering group for these discussions.
- 4.6 A needs assessment of the "other areas" outwith the original Hawick, Kelso and Berwickshire areas is currently being carried out using the same data sets and methodology as the part 1 study in order to provide consistent and comparable information for planning purposes. The findings of which will inform the Council's new Local Housing Strategy 2017-2022 which is currently being developed.

5 EXTRA CARE HOUSING BUSINESS CASE FOR BERWICKSHIRE

- 5.1 Based on the needs assessment the Consultants recommended that the Council should work with partners to Develop Extra Care Housing to address a long term estimated need of 66 individuals with Duns as the priority location and subsequently at 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.
- 5.2 It was considered important to undertake a full evaluation of extra-care housing model at Dovecot Court in Peebles to ascertain if the model was successful and to ascertain whether it could be replicated elsewhere in Borders. The evaluation has provided a comprehensive review and demonstrated that in overall terms the project is a success, and is a highly valued asset amongst stakeholders. The evaluation has identified a number of areas where this value can be further enhanced and its long term sustainability can be made more secure, particularly in relation to the care service. It is envisaged that lessons learned will inform the future development of extra care housing service provision.
- 5.3 The Consultants then drew together the different strands of information collected and carried out the final stage of the business case which was a systematic appraisal of six extra care housing options with the additional scenario of Council owned and managed option and a 'do nothing' option. The outcome of the optional appraisal exercise would suggest that an RSL delivery model is the best value option to pursue. The full option appraisal is attached as part of the final business case report at appendix one.
- 5.4 The Consultants also recommend that the extra care housing model be a mixed tenure approach, including social rent ECH, Mid-Market Rent (MMR) and shared equity. An alternative could be ECH and shared equity only, but at a level of shared equity which manages sales risk.
- 5.5 All of the options are negatively valued, and so the Consultants have highlighted that there will have to be some additional funding from Council and/or its partners, over and above Scottish Government grant funding. Critical to the level of funding will be the consideration for the SBC owned land, and reducing development costs where possible.
- 5.6 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 equity, as other Scottish Government financially assisted projects have demonstrated. Officers understand that there are also possibilities in future of specific grant funding for specialist needs projects, and for wider flexibility but this has yet to be confirmed but will be pursuing this with Scottish Government.

6 NEXT STEPS

- 6.1 If Members agree this approach as the way forward to develop extra care housing in Berwickshire then Officers would initiate discussions with Scottish Government and RSL partner organisations to establish and agree the most appropriate partner who is financially viable, experienced and capable of delivering projects of this scale. The selected RSL partner(s) would then carry out site specific feasibility studies firstly in Duns and then

in Eyemouth.

- 6.2 Officers would also continue to liaise with Scottish Government to trail the intention to develop these projects via the Strategic Housing Investment Plan and established processes. Officers would 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 allocate a higher than the current 'affordable housing benchmark grant' to fund this Council strategic priority.
- 6.3 A review of existing commitments for the Council's 2nd Homes Council Tax budget would be undertaken in order to assist with gap funding for this project and to compensate the 10-year Capital Investment Programme on the basis of affordable housing valuation for the sites, and review the Capital Programme to re-allocate the £10m budget provision.

7 IMPLICATIONS

7.1 Financial

- (a) The Council has secured grant funding from Hub South East Territory Capital Enabling Grant which has been used to fund the Consultants to carry out the needs assessment, the Dovecote evaluation and the development of the business case.
- (b) It is anticipated that the Berwickshire developments would be funded using the same range of funding sources employed to fund Dovecote, i.e. Affordable Housing Investment Programme grant from Scottish Government , private sector borrowing by the RSL[s] and a contribution from the Council from 2nd Homes/Council Tax budget and Developer contributions. The funding package will be informed by site specific feasibility studies however, it is anticipated that this will be a high cost project and the Council may also wish to consider foregoing a capital receipt for the valuation of the site or sites.

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:-

- Reductions in Affordable Housing Investment Programme grant rates from Scottish Government
- Adverse impact on SHIP 2015/20 annual affordable housing delivery due to re-programming of grant amount allocation to assist delivery of existing priority projects to make way for one or both of these extra care housing projects.
- The availability of Council 2nd Homes Council Tax and Developer Contributions to assist with any funding gaps.
- Impact of 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.

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 [SHIP] which is anticipated to be submitted to Scottish Ministers in 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 Berwickshire area.
- (c) It is considered that there will be positive economic and social effects resulting from the proposed delivery of new extra care housing in Duns and Eyemouth. 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

