

Extra Care Business Case

Scottish Borders Council

Draft final report

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Table of contents

1	Introduction	4
	<i>Limitations</i>	4
2	The Need for Extra Care Housing	5
	<i>Introduction</i>	5
	<i>Policy and service delivery context</i>	5
	<i>Area conclusions and recommendations on need for ECH</i>	7
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;
 - 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.
- 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 support

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

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	% 75+	% 65+
Berwickshire	2,095	5,046	20,862	19%	20%
Hawick	1,595	3,545	13,815	14%	14%
Kelso	869	1,689	6,139	8%	7%
Other areas	6,721	15,422	73,054	60%	60%
Scottish Borders	11,280	25,702	113,870	10%	23%
2020 SB	13,544	29,655	114,802	12%	26%
2025 SB	16,601	32,921	115,297	14%	29%
2030 SB	18,597	36,415	115,161	16%	32%
2035 SB	20,779	39,239	114,264	18%	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. For the study areas of Berwickshire, Hawick and Kelso, the greatest cumulative need is in Berwickshire at 10-12 units in the short term, rising to cumulative 43 units in 2020 and 66 units in 2035.

Table 2: Population estimates, by area - 2013 mid-year estimates (at Datazone level) and Borders projections to 2035

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
Scottish Borders	+39-44	230	282	316	353

- 2.15 **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.
- 2.16 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”.*
- 2.17 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.
- 2.18 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.

- 2.19 **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.
- 2.20 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.
- 2.21 **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.
- 2.22 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

- 2.23 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.
- 2.24 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

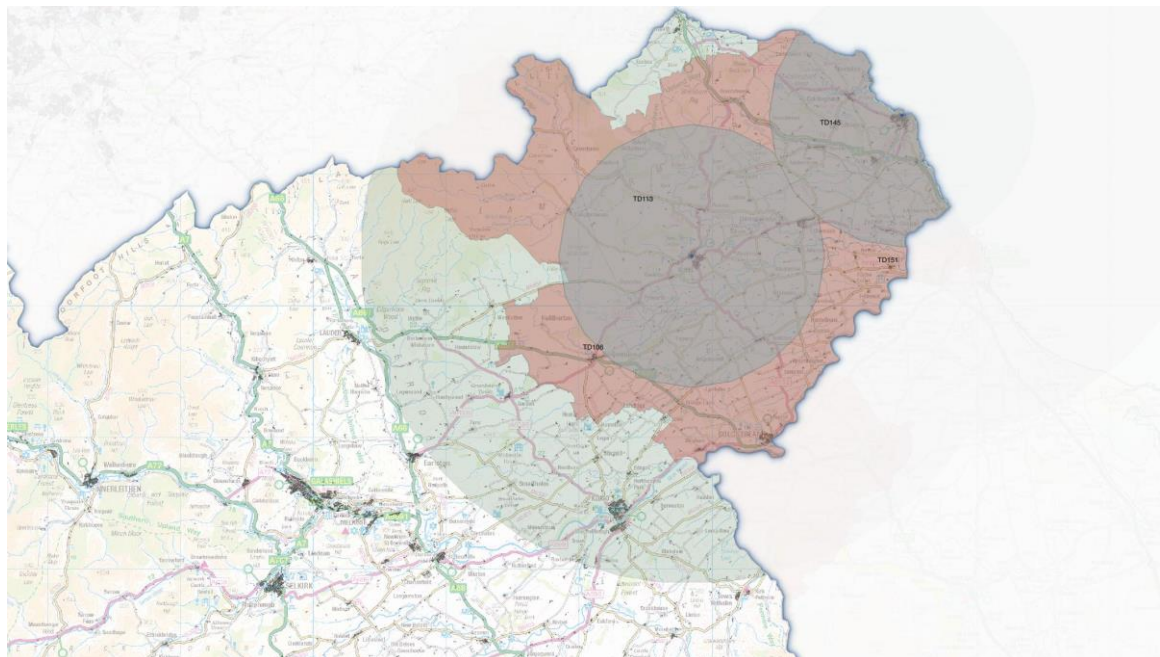
⁶ That is with no specific care provider in mind. Benchmark service delivery costs have been used, and the financial appraisal has not been designed around a specific provider.

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.

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.

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 2018
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	April 2018	April 2019

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.

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 funding 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 benchmarks 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 management 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 equity⁷, 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.

⁷ 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%