

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date:</b>	5 October 2012
<b>Title:</b>	Project Extra-Care - Transformation Programme Update and Business Case for Surrey Court development, Eastleigh
<b>Reference:</b>	4114
<b>Report From:</b>	Director of Culture, Communities and Business Services

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**1. Executive Summary**

1.1. The purpose of this paper is to provide an update on the progress to date on Project Extra-Care since the Cabinet approval to the blue-print strategy in October 2011.

1.2. This paper seeks to:

- set out the background to Project Extra-Care and outlines the key proposals of the project
- summarise the progress on Phase 1 Consolidation so far
- outline the strategy proposed for Phase 2 strategy, by describing the proposed methods of delivery and the intended use of business cases to release approved funding
- secure approval to the first Phase 2 Business Case to release the required funding contribution from the County Council towards the cost of an Extra-Care scheme by First Wessex at Surrey Court, Eastleigh

**2. Contextual information**

2.1. In October 2011, Cabinet approved the strategic business case for extending an alternative model of care for older persons. The programme, known as Project Extra-Care, will see the provision of one and two bed flatted development schemes on a mixed tenure basis (for rent, shared and/or outright ownership), with flexible 24 hour care and support on site in accordance with a resident's assessed care needs. As part of the business case, an indicative capital budget of up to £45 million was approved to deliver Extra-Care Housing.

- 2.2. Since 2007, four new build Extra-Care Housing schemes (providing 240 units) have been developed across Hampshire (in Andover, Fleet, Gosport and Basingstoke) and a further 368 units of existing sheltered housing units have had the level of service enhanced to Extra-Care standards. The County Council's capital contribution to these schemes has totalled £2.5 million (in monetary/land value terms), together with significant partnership funding from other public agencies, including the Homes and Community Agency (HCA) and Department of Health.
- 2.3. It should be noted however that the sources of available capital funding have reduced significantly since these early phases of Extra-Care. In addition, the implementation of new European Procurement Directives necessitates a re-consideration of the delivery mechanisms for future schemes going forward.
- 2.4. The October Cabinet report split Project Extra-Care into two distinct phases: Phase 1 and Phase 2. The four schemes built to date form part of the former, whilst any new build projects going forward fall within Phase 2 and will look to secure the use of part of the approved funding, subject to an appropriate business case. An update on the progress to date on Phase 1 and the proposed strategy for Phase 2 is set out in the next sections of the report.

### **3. Phase 1 – Progress Update**

- 3.1. The recent completion and opening of Newman Court in Basingstoke means that all of the aforementioned new build projects in Phase 1 are now available for occupation. These schemes have enabled people to have the choice to remain independent and live in a home of their own and provide a real service improvement as an alternative to high cost residential care. The first residents to move into these new Extra-Care schemes are already experiencing significant benefits in terms of their increased wellbeing.
- 3.2. In May 2012, the Executive Member for Adult Social Care (EMASC) approved a consultation exercise for the possible closure of three residential homes (Cornerways, Winchester; Addenbrooke House, Gosport; and Thurlston House, Fleet). The public consultation closed on 21st August with the outcome being reported to the 21st September meeting of EMASC.
- 3.3. In considering the outcome of the consultation on closure, EMASC recommended that approval be given that 100% of net proceeds arising from the sale of the three homes/sites be fully reinvested to contribute towards the agreed capital funding identified to support Project Extra-Care, in line with the Strategic Business Case approved by Cabinet in October 2011.
- 3.4. As part of the Phase 1, Cabinet also allocated an initial £3 million of the approved £45 million (on an invest to save basis) to support a consolidation element to Phase 1. This will see the extension of Residential/Nursing home provision to offer additional affordable care home capacity in Basingstoke and Winchester, a need identified following a review of the market in these areas. Detailed design proposals are currently being prepared to create extensions to Westholme in Winchester and Oakridge in Basingstoke. Subject to securing the necessary planning approvals, works will commence on these sites in Spring 2013, with the new extensions available for use Spring 2014.

#### 4. Phase 2 Strategy

4.1. To support the provision of new Extra-Care schemes across Hampshire, a range of preparatory work has been undertaken since the Cabinet decision last year. This has involved the following:

a) **Demand-mapping exercise**

This exercise used both current and projected demographic trends to assess the relative need for extra-care housing by District across Hampshire. Based on population projections to 2017, this clearly identified there was an increasing need for such provision over and above that currently supplied.. This work also identified those areas of the county with the highest concentrations of those aged over 75, the group at whom Extra-Care is primarily targeted

b) **Site Availability Assessment**

In response to this analysis, an initial assessment of available County Council owned sites has been made using suitability criteria in terms of size and location to support the development of new schemes going forward. This has involved all sites identified through departmental asset rationalisation programmes or that form part of the existing and/or proposed Capital Receipts programme. To achieve a viable project, a scheme should ideally provide as a minimum 50 units for rent as part of a scheme of 60-80 units and this in turn dictates the size of site that is considered appropriate (minimum 0.6ha). Where sites, in areas of recognised need, are identified that meet this requirement, formal Member approval is sought to submit appropriate planning applications in respect of new Extra-Care provision, including entering into any legal agreements necessary to secure planning consent, for example agreements under Section 106 of the Town and Country Planning Act 1990 is proposed.

c) **Methods of Delivery**

Given the scale of potential demand for new Extra-Care Housing within Hampshire, and following review of available Council owned sites, it is evident that both County Council and third party owned sites will be required to support the Phase 2 Extra-Care programme. In reviewing the impact of the new European Procurement Directives, it is apparent that the level of control exerted by the County Council will determine whether a formal procurement results and in turn the method of delivery to be adopted.

4.2. There are 4 key ways in which control can be exercised as follows:

a) **Site ownership**

In the absence of a County Council owned site, “calling” for a site from a third party results in a formal procurement.

b) **Level of control over design quality**

The higher the level of prescription over design quality the more likely a procurement results. A guide to “designing extra care housing” (previously used to support the Phase 1 projects) is currently being updated and it is hoped that by working with District planning and housing colleagues that more formal adherence to the revised guide becomes *part* of the planning process as a matter of course.

c) **Nominations**

The nominations process to all four Phase 1 schemes has been made through District Housing departments, with the use of Extra-Care Nominations Panels which have included an Adult Services representative working alongside District Housing colleagues. However, should the County Council seek to effectively control nominations itself, a formal procurement would result.

d) **Level of Capital Subsidy**

The higher the level of capital subsidy (as a percentage of total scheme cost), the greater the likelihood that a formal procurement will be needed. Whilst it is not possible to specify what maximum level of subsidy constitutes a procurement, it seems clear that significant subsidy, particularly where it is in addition to site value will require a formal procurement process to be adopted.

4.3. Taking account of these factors, and to enable full advantage to be taken of all potential development opportunities, a *mixed* economy approach providing a flexible range of delivery options has been identified. This seeks to deliver the objectives of the programme within the agreed timescales, whilst at the same time seeking to maximise (and protect) Hampshire County Council's financial investment into the project.

4.4. Three different approaches to delivery of new Extra-Care units have therefore been identified as follows:

- a) Capital Grant towards the cost of a scheme under the General Powers of Competence
- b) Sale of County Council owned land (possibly in combination with other partner ownerships) under the Local Government Act (1972) using traditional marketing techniques using principles of development and/or formal planning consents to support land transactions
- c) "Call" for sites from partners under an appropriately established OJEU compliant Framework via a mini-competition call-off process

4.5. Authority to procure the proposed OJEU Partner Framework was secured at the July EMPR meeting and work is on-going to prepare the tender documentation which will go "live" in October. However, given it could take 9-12 months to establish the framework itself, schemes associated with either a capital grant towards the cost of a project or the sale of County Council owned sites could offer the prospect of an earlier delivery mechanism. To enable the utilisation of such opportunities, it is proposed that a blended approach is adopted using different delivery mechanisms to suit the particular circumstances of each prospective project.

4.6. In each case, a formal Business Case relating to release of funding will be presented to the Executive Member for Policy and Resources to enable part of the approved £45 million to be drawn down. The business cases will use a specifically prepared template which sets out both the capital and revenue costs of the proposed project and the payback period. The first of these approvals is presented in the next section.

## **5. Surrey Court, Eastleigh - Business Case for approval**

- 5.1. Based on the objective of meeting the need identified by the demographic data, and ensuring that Extra-Care Housing becomes a realistic option for older people across the county, there is a demonstrable need for such provision in the Eastleigh area, with the 2017 population forecasts indicating an increase of 12.5% in the over 75 population by 2017 and 79% by 2030. An opportunity has arisen to support new Extra-Care Housing provision in the Eastleigh area.
- 5.2. Surrey Court in Eastleigh is an existing sheltered housing scheme for older people. Consisting of two parts, it has a total capacity of 60 units, comprising a mix of bedsits and one bed flats. Owned by First Wessex, detailed planning consent was secured in February 2012 to redevelop the site for a 70 unit scheme of Extra-Care, of which 50 units will be for rent and remaining 20 for shared ownership. The scheme comprises 56 two bedroom and 14 one bedroom flats, together with a full range of communal facilities required in Extra-Care developments of a catering kitchen and restaurant facilities allowing for provision of one hot meal a day, treatment and therapy rooms, assisted bathroom etc. Working in partnership with the County Council, the developer has undertaken to ensure that the development is in line with the criteria set out in the aforementioned Extra-Care Housing Design Guide.
- 5.3. Construction of the scheme is due to commence shortly, on a phased basis, with Phase 1 (42 units) due for completion by December 2013 and Phase 2 (28 units) by February 2015. This phasing of work is possible due to the relatively large size of the overall site and its overall open nature. This has enabled the impact on current residents to be minimised. Within Phase 1 of the development new provision has been made for the current six clients with Learning Disabilities, facilitating their move from the current bed-sit accommodation into individual one bed flats, clustered around additional communal facilities.
- 5.4. The funding requested from Hampshire County Council for this development will secure benefit for the wider community as a whole as the increased provision of communal amenities delivered will offer enhanced facilities and opportunities for both residents within the scheme and local older persons within the community. If a housing scheme for older people is built without a financial contribution from Hampshire County Council, these wider benefits to the community would not be realised.

## **6. Finance**

- 6.1. The Cabinet report in October 2011 approved up to £45 million towards Project Extra-Care, the first £3 million of which has been allocated to support the Consolidation Phase extension projects. Whilst this funding envelope has initially been split over a number of financial years, the actual detailed profile of expenditure is not clear at this stage and will be subject to projects coming forward individually or collectively to draw down the funding subject to business case approvals being secured.

6.2. The first business case being presented is for the Surrey Court scheme in Eastleigh. The background to the scheme and funding requirement is summarised in Section 5 above and set out in more detail in confidential Appendix 1.

6.3. In terms of value for money, the scheme is considered to represent good value, both overall and in terms of the requested contribution of £850,000, to be paid on a phased basis linked to scheme commencement and completion. Of the originally approved funding this would leave a further £41.15 million to be used to support other projects going forward.

## **7. Performance**

7.1. Project Extra-Care will provide a modern alternative form of care and support for older people, promoting greater service user independence, wellbeing and choice. In this regard the project supports the Corporate Priorities to Maximise Wellbeing and Enhancing our Quality of Place.

## **8. Future Direction and Programme**

8.1. This reports has summarised the progress achieved to date on Phase 1 of Project Extra-Care and has set out the proposed direction and methods of delivery for new provision under Phase 2 going forward.

8.2. The first business case to draw down the approved capital funding for Project Extra-Care has been presented. Overall the proposed Surrey Court scheme is considered to fit with strategic objectives of Project Extra-Care in providing new capacity in an area of identified need, at a cost that represents value for money.

8.3. By selecting the most appropriate method of delivery, the County Council will seek to make effective use of available land assets to support Project Extra-Care either in re-using them for the project or effecting a sale and “re-cycling” sale proceeds to support the approved funding envelope.

## **9. Recommendations**

9.1. That the progress on Project Extra-Care including the Phase 1 Consolidation Phase be noted.

9.2. That agreement be given to the recommendation from EMASC that approval be given to 100% reinvestment of net proceeds arising from the sale of the three homes that form part of Phase 1 to contribute towards the agreed capital funding identified to support Project Extra-Care.

9.3. That approval be given to the Methods of Delivery approach identified for Phase 2 including release of funding from the approved capital funding where required and appropriate, subject to the approval of a business case for each project or group of projects by the Executive Member for Policy and Resources.

9.4. That the Director of Culture, Communities and Business Services (Strategic Manager – Assets and Development) be authorised where sites, in areas of

recognised need, identified through departmental asset rationalisation programmes or that form part of the existing and/or proposed Capital Receipts programme, to submit planning applications in respect of new Extra-Care provision, including entering into any agreements necessary for the securing of the planning consent, such as agreements under Section 106 of the Town and Country Planning Act 1990.

- 9.5. That approval be given to release of the required capital funding to support the proposed Extra-Care development at Surrey Court, Eastleigh on the basis set out in the report, with the Director of Adult Services (Deputy Director) authorised to work with Legal Services to agree the legal mechanism for making the award.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Modernisation of Adult Social Care – Project Extra-Care	<u>Reference</u> 3175	<u>Date</u> 24 October 2011
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment**

- 1.1. An equality impact assessment has been considered in the development of this report and no adverse impact has been identified.

### **2. Impact on Crime and Disorder**

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

### **3. Climate Change**

- 3.1. The potential impact of these proposals on climate change has been considered and no impact has been identified.