



Report of the Director of Adult Social Services

Executive Board

Date: 16 May 2007

Subject: Older People's Long Term Care Strategy: Re-provision for Greenlands Home for Older People

Electoral Wards Affected:

Otley and Yeadon

yes

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Y

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

The strategy for older people's long term care was agreed initially by Executive Board in 2001. Reports on the gradual implementation of the strategy have been presented to Executive Board at regular intervals.

Specific approval is requested to proceed with the extra-care housing scheme developed in Guiseley in partnership with Anchor Trust as a re-provision for Greenlands Home for Older People.

1.0 Purpose of the Report

- 1.1 The purpose of this report is to provide an update on progress on the strategy for Local Authority provision of long term care for older people. At Executive Board in October 2004 Members agreed the principle of disposal of land a less than best consideration. Specific approval is now requested for the transfer of a site in Guiseley to Anchor Trust at less than best consideration for an extra-care housing development to replace a Home for Older People.

2.0 Background

- 2.1 In December 2001 Executive Board approved the strategy which has either enabled the refurbishment and upgrading of Local Authority Homes for Older People or their replacement with Extra-Care Housing through partnership with Registered Social Landlords (formerly Housing Associations). Executive Board has received subsequent updates on progress in March 2002, July 2003 and October 2004.

- 2.2 The December 2001 report informed Members that three Housing Associations had indicated their willingness to work in partnership with the Council. They were Anchor Trust, Methodist Homes, and Sanctuary Housing. These associations had a national reputation and specialist expertise in the development of extra-care and in the case of Methodist Homes, dementia care schemes. Members agreed a formal waiver of Contract Standing Orders.
- 2.3 The strategy has progressed well and four homes (Westholme in Wortley, Home Lea House in Rothwell, Knowle Manor in Morley and Manorfield House in Horsforth) have been refurbished to a high standard. Eastholme (Cross Gates and Whinmoor), Butterfield Manor (Burmantofts and Richmond Hill) and Moorhaven (Alwoodley) have been replaced with Extra-Care Housing, provided by Anchor Trust in respect of the first two and, in respect of the latter, by Methodist Homes. The Methodist Homes Scheme also includes a dementia day centre.
- 2.4 Three schemes are outstanding from the original strategy and the present position for each scheme is listed below:
- Brooksbank (Temple Newsam). The original intention was to replace this home with an intermediate care centre jointly funded with Leeds East Primary Care Trust. These plans failed to come to fruition and it is now envisaged that an extra-care housing scheme will be developed in partnership with the relevant new A.L.M.O.
 - Hemingway House (City and Hunslet). The original scheme for extra-care housing did not attract funding from either the Housing Corporation or the Department of Health. There are on-going discussions between the City Council and Methodist Homes exploring possible solutions without the use of grant funding. The outcome of these discussions will be the subject of a subsequent report later in 2007.
 - Greenlands (Otley and Yeadon). The original scheme did not attract funding from the Housing Corporation and Anchor Trust developed the grant-free option set out later in this report.
- 2.5 The development of all these extra-care housing schemes in partnership with Registered Social Landlords has only been possible through the application by the City Council of the Less than Best Consideration policy. In October 2004 Executive Board approved the development of all these schemes and gave consent to negotiations on the transfer of land at less than best considerations.

3.0 Guiseley Scheme

- 3.1 The extra-care housing scheme at Guiseley will offer 16 apartments for rent to nominees of Leeds City Council and 46 leasehold apartments for sale. The target audience for these apartments will be older people who fall into low / middle income groups. They will either own their own homes and be able to use the sale proceeds to purchase a leasehold apartment or be living in rental accommodation but unable to purchase a suitable alternative property. These schemes of mixed tenure are compatible with the strategic objectives set down by the Government.
- 3.2 Each apartment will have a fully fitted kitchen, a bathroom with level access and spacious living areas. The scheme will have communal facilities for recreation and dining although tenants / leaseholders may wish to prepare their own meals and / or receive a freshly prepared meal from the communal kitchen in their own flat. Meals will be prepared on-site and the menus will afford choice and meet all specialist dietary requirements.
- 3.3 The scheme will be a three-storey building set in landscaped gardens with security systems on external doors, windows, communal entry points and individual front doors. Each apartment will be fitted with a modern 24 hour emergency call system.
- 3.4 Anchor Trust will provide the estate management staff and a care team for tenants in the rental apartments. The care contract would cover the 16 rented units and provide 140 hours per week between 7am and 10pm and a further 63 hours for a waking night service.

Leaseholders would be able to purchase planned care themselves or have it provided by the City Council, subject of an assessment of need, through the contract with Anchor Trust for the provision of domiciliary support.

- 3.5 Anchor Trust will be responsible for the upkeep and maintenance of the building and grounds. There is no risk to the City Council in these areas as the Council is only responsible for meeting the assessed care needs of the tenants / leaseholders.

4.0 Consultation

- 4.1 Local ward members have received regular updates as this scheme has been developed and officers of the City Council and Anchor Trust presented the proposals to the Area Panel on 8 November 2006.
- 4.2 Planning consent for the scheme was approved at North West Planning Panel on 25 January 2007 subject to the resolution of minor matters with Planning Officers within the usual statutory period.
- 4.3 The Assistant Chief Executive (Corporate Governance) has advised that the Council has powers to dispose of land for this purpose at less than best consideration under its General Consent powers, subject to a ceiling of £2.10m per annum above which a Specific Consent would be required for the Secretary of State.

5.0 Capital Funding

- 5.1 This scheme has been developed and funded by Anchor Trust using private mortgage finance. The viability of the scheme depends upon a combination of the income from sales of the leasehold apartments (a total of 46 compared with the original estimate of 40 in 2004) and the transfer of the land from the City Council to Anchor Trust on a long-term lease at a pepper-corn rent.
- 5.2 This scheme will encourage older people who are owner-occupiers to invest some of the asset value of their existing properties in purpose built retirement housing for themselves, as well as releasing family housing stock for purchase by others in North West Leeds.
- 5.3 Anchor has committed resources over a prolonged period to progressing this scheme on the basis of earlier approvals in principle by Executive Board. An analysis of Anchor's development appraisal by the Asset Management Service has indicated that the scheme has been approached on a non-profit making basis. Indeed, the use of significant cross-subsidy in excess of £1m by Anchor Trust from the income generated by the leasehold apartments will be reflected in affordable rents for the 16 rented apartments.
- 5.4 Subject to the proviso at paragraph 9.4 below, it is proposed that under the Less than Best Consideration policy, the City Council will transfer the land currently occupied by Greenlands Home for Older People to Anchor Trust at nil value on a 125 year lease at a pepper-corn rent. The latest valuation of the site of January 2007 by the Asset Management Service is £1,575,000 consistent with the range of the estimate of £1.4 to £1.6 million submitted in the Executive Board report of October 2004.

6.0 Other Financial Implications

- 6.1 Anchor Trust have submitted costs for the care team based on a minimum contract term of 3 years with an option for an extension for a further 2 years. The contract rates would be based on a 2005 figure of £10.20 per hour with appropriate annual uplifts. These are consistent with the rates agreed in the current contracts with independent domiciliary care providers approved by Executive Board. Anchor Trust is already one of those approved providers.
- 6.2 In the Guiseley scheme, the care contract would cover the 16 rented units and provide 140 hours per week between 7am and 10pm and a further 63 hours for a waking night service.

These figures equate to an annual contract sum of £107,671. This sum will be met by a virement from the staffing costs allocated for Greenlands, currently £510,060.

- 6.3 There is the potential to make agreed additions to the care contracts to provide services to other older people with assessed needs such as leaseholders in the scheme or residents in adjacent properties.
- 6.4 This scheme will offer an integrated and flexible housing and care service. Both tenants and leaseholders will remain in control of their own accommodation and be able to decide who comes into their apartment. There will be no requirement as a condition of tenancy or lease for any tenant or leaseholder to use the care service provided by Anchor Trust and the care service will have separate registration as a domiciliary care provision. These arrangements are in line with guidance issued by the Commission for Social Care Inspection following a judgement in the Court of Appeal in 2005.
- 6.5 Should a tenant or leaseholder choose an alternative care provider or choose to use a direct payment or individualised budget then the Local Authority will continue to have responsibility for meeting their eligible needs and the funding would be transferred from the contract with Anchor Trust to meet the costs of this alternative provision.

7.0 **Links to Departmental Asset Management Plan**

- 7.1 The development of extra-care housing schemes is identified in the Departmental Asset Plan and was a recommended outcome from the Best Value Review of services for older people in 2001. The Council Plans since 2004 have highlighted the role of extra-care housing in promoting independence for older people. It is also a key element in the National Service Framework for Older People and a Department of Health performance indicator.
- 7.2 Extra Care Housing is a genuine alternative to residential care and it is not only cost effective for the Local Authority but also enables individuals with high care needs to maintain greater levels of independence than is possible within a residential care setting.

8.0 **Value for Money**

- 8.1 As mentioned in paragraph 6.4 above, the current valuation of the land at Guiseley is £1,575,000. It is proposed that the Council should forego this value in return for the right to nominate qualifying people as tenants of the 16 social rented units, which are to be let at affordable rents. This represents a high level of subsidy of £98,500 per social unit, which is three times the average level of subsidy for affordable housing on recent RSL schemes because there is no matching grant investment from Housing Corporation or other external sources.
- 8.2 Although the same number of social rented units at affordable rents would have been required as a condition of planning permission to provide affordable housing, the provision of an extra care service together with nomination rights to the Council are secured by the injection of the land at nil value. Therefore, it is possible that if the land had been marketed in this high demand part of Leeds, a private sector developer of leasehold accommodation for older people could have brought forward a scheme for older people and paid market value for the land. They would have been required to provide the same number of social units to rent as Section 106 affordable housing, but there would have been no obligation to provide the extra care services which are being procured from Anchor under this agreement.
- 8.3 Therefore it is considered that the Council should proceed with its existing partnership with Anchor to bring forward this scheme for the following reasons:
- Extra-care housing schemes have been developed as a positive alternative to residential care for older people in terms of service provision.

- There is a significantly lower cost to the Social Services budget for this care package where the Council has nomination rights to secure their use for prioritised service users, than to bear the costs of residential care.
- Under the proposed extra care scheme, at a weekly cost of £129.41 per person, the total cost of the proposed care contract for the 16 rented apartments is £107,671 per annum.
- Under current residential care, at a weekly net cost of £250 per week per person (the fees paid to the providers minus the income from residents), the total cost of residential care for 16 people) is £208,000 per annum.
- Therefore the annual saving arising from acquiring 100% nomination rights on 16 placements in extra-care apartments at Guiseley will be £100,330 per annum. This is equivalent to a return of 6.4% on the £1.57m land value foregone, which the Chief Asset Management Officer considers to be an adequate return in financial terms.

8.4 In order to strengthen the Council's value for money protection, it is recommended that a clawback clause be included in respect of the peppercorn premium for the 125 year lease on completion of the scheme. This will ensure that the Council does not subsidise the scheme more than is necessary. Following disposal of the leasehold units by Anchor and when all development costs and income streams are known, it will be possible for the Council to review Anchor's accounts on an open book basis. It is therefore recommended that a clawback clause be inserted into the sale agreement that would enable the Council to recover any excess development profit in case the full £1.575m land value subsidy is not required to fund the scheme. In this event the Chief Asset Management Officer, after examining the audited accounts, would be empowered to seek recovery of 100% of any excess development profit on behalf of the Council.

8.5 Because the range of development partners for this type of scheme has increased since 2001, the Chief Asset Management Officer and Chief Procurement Officer recommend that this be reflected in the option appraisal process to be adopted for future schemes.

9.0 **Recommendations**

9.1 Members are asked to confirm their earlier approvals for the development of the extra-care housing scheme at Guiseley in partnership with Anchor Trust.

9.2 Members are asked to agree the transfer of the land to Anchor Trust on a 125 year lease at nil consideration as outlined in this report, subject to a clawback agreement to recover any excess development profit arising on completion of the scheme.

9.3 Members are invited to receive further reports as the long term care strategy is developed.