



Appendix 1 and 2 to this report are exempt/confidential under Access to Information Rule 10.4. (3) and (6)

Report of the Director of Environments & Neighbourhoods and the Director of Adult Social Services

Executive Board

Date: 12th February 2010

Subject: Round 6 Housing PFI Project: Lifetime Neighbourhoods for Leeds

Electoral Wards Affected:

City wide

Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In (Details contained in the report)

Appendix 1 of this report contains information about the commercial position of the City Council in relation to the proposed procurement, and the public interest of maintaining confidentiality outweighs the public interest in disclosing such information. This section of the report should be treated as exempt under rule 10.4 (3) of the Access to Information Procedure Rules.

Confidential Appendix 2 of this report is considered to be of a sensitive nature in that it contains: information about the commercial position of the City Council in relation to the proposed procurement; information which would reveal action the authority proposes to take under legislation, in relation to identified sites which are subject to separate consultation in the first instance with residents and staff concerned. The public interest of maintaining confidentiality outweighs the public interest in disclosing such information. Whilst it is considered that there is public interest in disclosure of this information at the earliest opportunity, it is deemed more appropriate, and consequently of greater public interest to ensure that the information is released once a decision has been made by Executive Board. This section of the report should be treated as exempt under rule 10.4 (3) and 10.4.(6) of the Access to Information Procedure Rules.

EXECUTIVE SUMMARY

This report sets out a proposal for improvements to older people's housing as a result of the Council's successful Expression of Interest for Round 6 of the national Housing PFI programme.

The proposals set out in this report will form the basis of an Outline Business Case to be submitted to the Homes & Communities Agency at the earliest opportunity.

The proposed project includes:

- 700 new build of extra care or lifetime homes aimed primarily at older people, 300 units of extra care; 400 lifetime homes;
- mostly 2 bedroom units (flats and houses) with a small number of 3 bed houses (2 or 3 per site) where site size allows;
- a 25 year long HRA scheme, with a five year construction period;
- Lifetime Homes standard for all properties. Code for Sustainable Homes Level 4/BREEAM Very Good as a minimum;
- design, build and facilities management including repairs, lifecycle improvements, housing management, communal service management (for extra care);
- a City Council revenue contribution as detailed within section 2 of Confidential Appendix 1 to this report; and
- 10 sites in 10 locations.

The report seeks Executive Board approval to:

- the scope of the project as set out above;
- the sites proposed to be included in the project;
- commence formal public consultation about the proposals;
- subject to the outcome of the consultation and where relevant, the replacement of sheltered or residential care facilities with extra care or lifetime homes;
- the proposed PFI procurement;
- the Council's financial commitment to the project as outlined within section 2 of Confidential Appendix 1 to this report;
- the later submission of the Outline Business Case delegated to the Director of Environment and Neighbourhoods on the basis of decisions made by Executive Board under section 3E para 4 ii of the Council's approved officer delegation scheme (executive functions), subject to prior review of Strategic Investment Board and the Director reporting to the next appropriate Executive Board the action taken; and
- the Housing PFI Project Board reporting arrangements for this project.

1.0 Purpose of this Report

1.1 This report sets out a proposal for improvements to older people's housing and care as a result of the Council's successful Expression of Interest for Round 6 of the national Housing PFI programme.

1.2 The proposals set out in this report will form the basis of an Outline Business Case to be submitted to the Homes & Communities Agency no later than June 2010.

1.3 The report seeks Executive Board approval to:

- the scope of the project as set out above;
- the sites proposed to be included in the project;
- commence formal public consultation about the proposals;
- subject to the outcome of the consultation and where relevant, the replacement of sheltered or residential care facilities with extra care or lifetime homes;
- the proposed PFI procurement;
- the Council's financial commitment to the project as outlined within section 2 of Confidential Appendix 1 to this report;
- the later submission of the Outline Business Case delegated to the Director of Environment and Neighbourhoods on the basis of decisions made by Executive Board under section 3E para 4 ii of the Council's approved officer delegation scheme (executive functions), subject to prior review of Strategic Investment Board and the Director reporting to the next appropriate Executive Board the action taken; and
- the Housing PFI Project Board reporting arrangements for this project.

2.0 Background Information

- 2.1 The Lifetime Neighbourhoods for Leeds project is the result of a partnership between Housing, Regeneration, Adult Social Care and Health. It will create or enhance services for older people across a number of neighbourhoods in Leeds to enable residents to lead more active and independent lives. The project seeks to strengthen existing neighbourhood regeneration strategies and focuses on the provision of new and high quality, affordable homes with extra care options for older people.
- 2.2 The project supports the Council's vision that neighbourhoods in Leeds will be transformed into places that are mixed, cohesive and able to meet the aspirations of all residents. This includes ensuring the availability of a range of housing, health and support services to meet varying lifetime needs. By investing in the needs of older people, their valuable contribution to achieving mixed and sustainable communities will be enhanced leading to the improved inclusion and social well being of our local neighbourhoods.
- 2.3 The project's objectives are to:
- support the transformation of housing, health and social care services for older people in the City;
 - promote independence and choice;
 - create sustainable and cohesive communities;
 - promote energy efficiency, innovation and excellence in design;
 - strengthen existing neighbourhood regeneration strategies; and
 - reduce worklessness in the City.
- 2.4 The project outcomes will be:
- the provision of additional new build high quality 21st century housing with extra care options for older people;
 - the creation of facilities that complement existing services for older people;
 - replacement of outdated accommodation for older people (sheltered bed-sits and residential care units);
 - increase in the number of new affordable homes in the City;

- provision of jobs and training in construction and facilities management.

2.5 An Expression of Interest was submitted to the HCA in October 2008 as part of a competitive bidding round for local authorities. The Leeds bid was for a 30 year HRA scheme providing 1,110 new affordable homes. The Council was asked by the HCA to scale back the project and submitted a revised bid in February 2009.

2.6 The HCA decision was made in mid July 2009 when it was announced that the Council was one of ten successful authorities to be included in Round 6 of the Housing PFI programme.

2.7 Since then, detailed work on the financial model has been carried out leading to a further need to scale back the number of new units provided by this project as a result of known market change and more up to date and accurate specification and cost information.

2.8 The proposed project now includes:

- 700 new build of extra care or lifetime homes aimed primarily at older people, 300 units of extra care; 400 lifetime homes;
- mostly 2 bedroom units (flats and houses) with a small number of 3 bed houses (2 or 3 per site) where site size allows;
- a 25 year long HRA scheme, with a five year construction period;
- Lifetime Homes standard for all properties. Code for Sustainable Homes Level 4/BREEAM Very Good as a minimum;
- design, build and facilities management including repairs, lifecycle improvements, housing management, communal service management (for extra care);
- a City Council revenue contribution as detailed within section 2 of Confidential Appendix 1 to this report; and
- 10 sites in 10 locations.

3.0 Strategic Context

3.1 The scope of the project supports a number of national and local policies:

- Strong & Prosperous Communities: the Local Government White Paper (2006); Transforming Places; Changing Lives: taking forward the regeneration framework (2009); Lifetime Homes, Lifetime Neighbourhoods – a national strategy for housing in an ageing society (2008); Homes for the Future: more affordable more sustainable (2007); Our health, our care, our say: a new direction for community services by the DoH (2006); Opportunity Age: Meeting the challenges of ageing in the 21st century (2005); Building a Society for All Ages: Choice for Older People (2009); Shaping the Future of Care Together (2008)
- ‘Home not Alone’ – Leeds Older People’s Housing Strategy 2005-2010 - The strategy seeks to improve the quality of life of older people by providing a range of housing options, care and support services which will promote independence for all older people in Leeds. It aims to promote the independence and well being of older people by integrating housing, care and support.

- The Vision for Leeds 2004-2020 - Leeds' community strategy, describes the City's long-term vision for improving the social, economic and environmental wellbeing of its neighbourhoods. This project will assist by delivering high quality housing solutions for an ageing population.
- Leeds Strategic Plan 2008-2011 - Lifetime Neighbourhoods for Leeds will contribute towards achieving a number of the outcomes from the Leeds Strategic Plan. These include reducing health inequalities through the promotion of healthy life choices and improved access to services (health & well-being); improved quality of life through mixed neighbourhoods offering good housing options; and better access to services and activities (thriving places); and, promoting more inclusive, varied and vibrant communities (harmonious communities).
- Leeds Regeneration Plan 2008-2011 - The Leeds Regeneration Plan highlights investment opportunities for Leeds to be gained through Housing PFI. The Council is committed to the comprehensive and sustainable regeneration of underperforming neighbourhoods and areas of the City. Older people contribute significantly to the capacity and stability of neighbourhoods. This is particularly important for community cohesion. In addition, older people experience disproportionate levels of poverty, including fuel poverty, which can be addressed partially through this project.
- Leeds Housing Strategy 2009-2012 - The Leeds Housing Strategy aims to create sustainable and cohesive communities, and deliver decent homes in decent neighbourhoods. It supports the regional housing strategy aim of 'creating opportunities for people to live independently in quality, affordable housing'.

4.0 Business Need

- 4.1 The Outline Business Case will set out the rationale for the project and include evidence of the long-term demand to support the investment made possible through the PFI. The challenges which the Lifetime Neighbourhoods for Leeds project is intending to address.
- 4.2 Demographic trends point to a significant increase in the number of older people over the next 20 years with the most dramatic change in the 85+ group where a 70% growth is expected between 2009 and 2029.
- 4.3 An increasing older population will bring benefits but also provides a new set of challenges to society. Care in a residential setting in Leeds is currently being provided for 2,305 people including 602 in long term care beds directly provided by the Council in 19 care homes.
- 4.4 Adult Social Care has identified a number of driving forces influencing the need for strategic shifts in the provision of long term residential care for older people. These include:
- the increasing aspirations and expectations of older people;
 - the expected increase in the numbers of older people, in particular older people with long term conditions, most notably dementia;

- the need to support people to maintain independence and prevent long term admission to care homes;
- the need to offer individuals greater choice and control over how the resources for care and support are used.

4.5 The new housing proposed in this project enables some outdated and unsuitable sheltered housing bed-sits or residential care bed-spaces to be replaced with extra care or lifetime homes. Some of the existing accommodation includes bed-sits without private bathrooms. As a result of this project and other recent initiatives, 30% of the Council's unsuitable bed-sits will be replaced or remodelled. In addition, the project provides the opportunity to continue Adult Social Care's medium term aim to shift provision from bed space based Residential Care Homes to extra care as has already taken place on the site of the former 'Easthome' in Swarcliffe and Hemingway House in Hunslet.

4.6 The project also enables the council to address the over-provision of directly provided long term residential care bed spaces and sheltered bed sits. Sheltered bed-sits, which make up a large proportion of older people's accommodation, are the least desirable sheltered accommodation from both the Council's and tenants' perspective. There is a high level of tenancy termination and substantial numbers of refusal of offers for smaller bed-sit flats. 83% of the Council's sheltered stock is made up of either 1-bed or bed-sit accommodation.

¹City Wide projected need for Older People's Accommodation 2020

Older Persons Accommodation	Total Units Required – both tenures	Units for Rent			Units for Sale			Total Current (under)/over supply – both tenures
		Existing RSL/ALMO Supply	Units for rent required	Current (Under)/over supply	Existing Private for Sale	Units for sale required	Current (Under)/Over Supply	
Sheltered Housing	8,000	7,908	3,200	4,750	924	4,750	(-3,850)	900
Enhanced Sheltered Housing	1,300	0	650	(-650)	0	650	(-650)	(-1,300)
Extra Care Housing	1,600	400	800	(-400)	0	800	(-00)	(-1,200)

4.7 The table above shows that whilst there is an over supply of sheltered housing, there is an undersupply of enhanced sheltered and extra care housing. The Cordis Bright review of Long Term Residential Care and Associated Day Care Services for Older People, commissioned by ASC predicts that demand for local authority residential care provision will have fallen by 66% by 2025². It is clear that in all sectors, including residential care, provision type will need to change to meet the changing needs of older people are demographic demand and service transformation.

4.8 Given the current market conditions it is not intended to include any potential development opportunities in this project. However, the project has considered locations where there may be potential from private development later to create a tenure mix.

¹ Based on ratios suggested in More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people, CLG, 2008

² Based on analysis of trend from 2001/2 – 2007/8. Ratio reduced from 30 to 10 LA-supported places per 1,000 over-65 population, from 2002 – 2025.

5.0 Delivery

- 5.1 Confidential Appendix 2a sets out the sites which are recommended for inclusion in the OBC.
- 5.2 The sites have been selected following a suitability assessment and consultation with Ward Members. Suitability criteria have included, where relevant, proximity to facilities and regeneration impact.
- 5.3 The project has been modelled using a standard PFI five year construction period. It allows for procurement to start towards the end of 2010 and construction to start in late 2013, with the construction period to be complete by late 2018.
- 5.4 Where rehousing is required, in some cases this can be done directly through the new provision; in others, it will require either rehousing first or a period of retaining empty units until properties are fully vacated.
- 5.5 The programme adopts the rehousing strategy developed to support the successful implementation of the Little London and Beeston Hill & Holbeck PFI Housing scheme, and Adult Social Care experience of re-providing residential care with extra care in the city.
- 5.6 Those sites which require rehousing of Council tenants have been included in a later phase of development over the 5 year build programme, allowing a period of years for decant if necessary. This allows a significant period of time during which residential homes can become vacated naturally and Council tenants can be re-housed where necessary.
- 5.7 The draft site programme is included as Confidential Appendix 2b of this report.
- 5.8 Following consultation, should alternative or additional sites be required, this will be subject to a report to Asset Management Board with decision delegated to the Director of City Development, and reported to Executive Board at the appropriate time.
- 5.9 The affordability position shown in this report is based on a Unitary Charge derived from running the Homes and Communities Agency (the "HCA") financial model. The model also confirms that the project offers value for money. This will be backed up by running the City Council shadow bid model and completing the HMT Green Book value for money analysis (both of which are requirements for the Outline Business Case)
- 5.10 A full analysis of the affordability of the project over the life of the contract is included as Annex 1 to Confidential Appendix 1 of this report.
- 5.11 A draft output specification has been prepared and used for costing purposes. It has been prepared based on:
- the project scope identified in this report;
 - new HCA guidance which includes output specification for general needs and extra care; and

- the output specification details already agreed and where relevant from Little London and Beeston Hill & Holbeck and from the Independent Living Project PFI schemes.

6.0 Market Sounding

- 6.1 A soft market testing exercise took place for the original Expression of Interest. A further market testing exercise is to be carried out shortly to inform the completion of the Outline Business Case.
- 6.2 A number of companies have been contacted including those involved in the earlier exercise. A brief has been prepared to test potential bidders and funders' views about the proposed scope of the project as well as its structure and key risks. The key areas to be covered include:-
- attractiveness of the proposed scope including the mix of extra care: general needs housing and unit size;
 - testing out the Council's proposed model for the operational management of the extra care element of the project;
 - testing out the Council's proposed approach to co-ordinating the development of sites and resources over a number of locations across the city;
 - testing out the viability and any issues with the proposed procurement programme; and
 - testing out the Council's proposed funding strategy for the project.
- 6.3 The findings of this exercise will be used to confirm market interest and capacity to deliver the project. The Council will use the information gathered to assist in developing its procurement requirements and to maximise competition for the project.

7.0 Risk Allocation

- 7.1 The Council has developed its approach to risk allocation in line with the Local Partnerships (ex 4Ps) approved Housing Procurement Pack which was issued in December 2009.
- 7.2 A detailed risk allocation matrix has been prepared following risk workshops and will be issued to potential bidders for review as part of the market testing, seeking responses in respect of the risk allocation proposals set out in the risk register.
- 7.3 Subject to approval to submit the OBC and having entered into procurement, the Council will issue a draft risk register to bidders which will identify the allocation of risks to bidders. Bidders will be requested to mark-up the risk register and produce a commentary of key issues that might result in project specific derogations. The Council will then consider these issues with the HCA in advance of the Detailed Solutions stage to allow for a view to be taken on any additional derogations to the Housing Procurement Pack that may need to be approved. From experience with Little London and Beeston Hill and Holbeck, extra time has been included in the procurement programme to allow for full consideration by the HCA, CLG and Local Partnerships.

7.4 Further risk workshops will be held during each of the procurement stages to ensure the risks are regularly reviewed and monitored. Risks are reviewed at the monthly Housing PFI Project Board, and necessary mitigating action is taken at the earliest opportunity.

8.0 Project Management

8.1 The project management structure is well developed and has successfully delivered a number of operational PFI projects. The project has adopted the 'Delivering Successful Change' (DSC) methodology, which is the Council's mandatory approach to project management.

8.2 A dedicated project team has been assigned to the project comprising of specialists from PPPU, the Council's City Development Directorate, Adult Social Care Directorate, Environment & Neighbourhoods Directorate and the ALMOs. A full resource analysis over the procurement and construction timescale has been developed. The procurement costs for 2010/13 have been identified as budget priority along with the additional resource requirements to deliver the scheme.

8.3 This project reports to the Housing PFI Project Board. This board meets monthly and conforms to the Council's scheme of delegation.

8.4 A series of project assurance processes are incorporated into the project at various stages including Gateway Reviews, internal challenge sessions and end stage reviews. The first Gateway Review for 'Business Justification' took place November 2009. Its purpose was to provide the Housing PFI Project Board with the assurances that the proposed approach to meeting the business requirement has been adequately researched and can be delivered. The report was positive with the project given Amber / Green (successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery).

9.0 Procurement

9.1 The Council has significant experience in the procurement and delivery of a wide portfolio of PFI projects. This includes the delivery of a previous HRA housing PFI project and the current delivery of the Little London and Beeston Hill & Holbeck Housing PFI Project.

9.2 The project team has prepared a procurement programme that is as efficient as possible using the Competitive Dialogue process.

9.3 The Council is aware that the average procurement period for housing PFI projects has been in excess of 5 years. Current guidance from HCA to plan for a procurement of between 30 to 36 months from OJEU. Having carefully considered this guidance and taken into account other experience to date, the Council has concluded that it will be able to sign a contract within this period and will endeavor to reduce this timetable where possible in an attempt to offer both an effective and efficient procurement.

10.0 Governance and Proposed Consultation

- 10.1 The Outline Business Case will require formal approval prior to submission to the Homes and Communities Agency. The later submission of the Outline Business Case delegated to the Director of Environment & Neighbourhoods, under section 3E para 4 ii) of the Council's approved officer delegation scheme (executive functions), subject to prior review of Strategic Investment Board and the Director reporting to the next appropriate Executive Board the action taken. At this stage, it is intended that the Outline Business Case should be submitted by June 2010, so that it can be considered and signed off by Treasury by September 2010.
- 10.2 Where sites have been identified which could reprovide current Council residential care facilities with extra care housing, specific consultation will be undertaken with the residents, their families, carers and staff about the options for change. Adult Social Care has significant experience of this type of consultation through previous extra care reprovion and through the Independent Living Project.
- 10.3 Subject to approval by Executive Board, a 12 week consultation will be conducted to be carried out by Adult Social Care Officers. This will ensure a consistent and co-ordinated approach is taken to seek the views of all residents, carers and staff in relation to the proposals which would ultimately result in the reprovion of these units. It is anticipated that the consultation should be concluded by the end of May 2010 to inform the Outline Business Case.
- 10.4 Initial consultation about the project began in 2009:
- Area Committees were consulted in autumn 2009. Area Committees acknowledged and supported the principles of the project.
 - Consultation has taken place with Members in wards where sites are proposed in this report.
 - where relevant, ALMO chief officers have been consulted and it is intended to report to their board meetings during the spring.
 - where relevant, sheltered housing residents will be consulted formally following Executive Board.
- 10.5 Consultation following Executive Board will take place in line with the Stakeholder Management Strategy which is included as Appendix 3 with formal consultation as above for residential care and under s.105 of the Housing Act 1985.
- 10.6 As part of the Round 6 Lifetime Neighbourhoods for Leeds project, the project team is in the process of conducting a full Equality Impact Assessment on the effect that the proposals may have on older people and the wider communities and neighbourhoods in which the new housing will be located. The Stakeholder Management Strategy will also be subjected to an Equality Impact Assessment to ensure that consultation on the proposals is fully inclusive and any potential negative impacts are minimised and managed. This work takes into account the authority's statutory duties under relevant legislation including the Disability Discrimination Act 1995, the Equality Act 2006 and the Race Relations (Amendment) Act 2000.
- 10.7 The PFI Project governance arrangements agreed at Executive Board in December 2010 require Executive Board allocation of PFI projects to a Project Board. This

project reports to the housing PFI Project Board and Executive Board is asked to confirm this.

11.0 Legal and Resource Implications

- 11.1 Subject to approval by Executive Board, and Treasury's Project Review Group, this project will be subject to an OJEU notice and competitive dialogue procurement, anticipated to start in autumn 2010.
- 11.2 At this stage a City Council financial contribution will be required in line with the detail contained within Confidential Appendix 1 to this report.
- 11.3 Separate approval will be sought for any additional costs associated with any rehousing, any early demolition and estimated procurement site assembly costs. These will be included in the Outline Business Case to be submitted to the HCA.

12.0 Conclusions

- 12.1 The proposals outlined in this report, subject to HCA and Treasury approval, enable the Council to address significant investment and service improvement ambitions for older people's housing and care.
- 12.2 The project enables the provision of 700 new homes, some of which will replace obsolete bed sit accommodation and dated residential care provision.
- 12.3 A large proportion of the sites included in this proposal are currently vacant or will soon be, or allow the opportunities for new building to be completed prior to reprovision. The timetable for the delivery of the changes proposed is medium to long term, with building starting at the earliest in late 2013 and completing by the end of 2018, allowing a suitably long period of time to ensure vacant possession of all sites.

13.0 Recommendations

- 13.1 Executive Board is asked to agree:
 - (i) the scope of the project as follows:
 - 700 new build accommodation of extra care or lifetime homes aimed primarily at older people, 300 units of extra care; 400 lifetime homes.
 - mostly 2 bedroom units (flats and houses) with a small number of 3 bed houses (2 or 3 per site) where site size allows;
 - a 25 year long HRA Scheme, with a five year construction period;
 - Lifetime Homes standard for all properties. Code for Sustainable Homes Level 4/BREEAM Very Good as a minimum;
 - design, build and facilities management including repairs, lifecycle improvements, housing management, communal service management (for extra care), and leasehold management (if applicable); and
 - 10 sites in 10 locations.
 - (ii) that the sites listed in the table of Confidential Appendix 2a to this report are included in the project.

- (iii) An anticipated City Council financial contribution as detailed within section 2 (iii) of Confidential Appendix 1 to this report
- (iv) that the Outline Business Case is completed and submitted, following approval by the Director of Environment and Neighbourhoods under delegated authority, on the basis of the details set out above.
- (v) that Members of the Executive Board give approval for a period of statutory consultation to commence with immediate effect to be undertaken as set out in recommendation (i) of Confidential Appendix 2a to this report.
- (vi) that Members of the Executive Board, having regard to the scope and context of this project and reasons set out in this report support the principle of replacing sheltered housing as set out in recommendation (ii) of confidential Appendix 2A to this report and authorise the Chief Housing Officer to take the final decision on whether the sheltered housing should be replaced as proposed following any relevant formal consultation. Further, that any consequential decisions about suspension of lettings, re-housing and demolition should also be taken by the Chief Housing Officer at the appropriate time under delegated authority.
- (vii) that a progress report is brought to Executive Board in June 2010.
- (viii) That the project is allocated to the Housing PFI Project Board for project governance proposals

Background Papers

- Executive Board Report – 5th November 2008