

**Report of: Director of Resources and Housing, Director of Adults and Health and Director of City Development.**

**Report to: Executive Board**

**Date: 19<sup>th</sup> December 2018**

**Subject: Council House Growth Programme - Delivery of Extra Care Housing**

|  |   |
|--|---|
| Are specific electoral wards affected?   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If yes, name(s) of ward(s): Rothwell, Ardsley and Robin Hood, Armley, Killingbeck and Seacroft, Adel and Wharfedale, Middleton Park, Temple Newsam |   |
| Are there implications for equality and diversity and cohesion and integration?  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Is the decision eligible for call-in?  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the report contain confidential or exempt information?  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, access to information procedure rule number:  |   |

## Summary of main issues

1. Further to the approval of the Council House Growth Programme - Delivery of Extra Care Housing report at 17<sup>th</sup> July 2017 Executive Board, this report provides Executive Board with an update on the extra care housing programme.
2. The programme has been split into two packages. In Package 1 the schemes will be delivered and managed by an external provider. They will be mixed tenure with the Council having nomination rights on the affordable rented units. Package 2 will be delivered directly by the Council with all the units being let at affordable rent levels and managed by the Council.

## Recommendations

The Executive Board is asked to:

1. Note the progress made in the delivery of the extra care housing programme
2. Agree that the north of Cartmell Drive South be dedicated to the delivery of extra care housing

3. Agree that part of the Throstle Recreation Ground site be dedicated to the delivery of extra care housing
4. Note the Adult Social Care system cost savings estimated to be generated from Package 1
5. Note the likely position in relation to capital receipts arising from the programme and that the Director of City Development will negotiate the detailed terms including the financial consideration for the disposal of each site in Package 1 and will seek the approval of Executive Board to the final terms of each disposal

## **1. Purpose of this Report**

- 1.1. This report provides an update on progress of the delivery of the extra care housing programme for older people across the City as part of the Council House Growth Programme and supporting the Better Lives Programme.
- 1.2. This report sets out recommendations to enable the delivery of the programme to progress at pace.

## **2. Background Information**

- 2.1. This report follows a report approved by Executive Board on 17<sup>th</sup> July 2017 entitled 'Council House Growth Programme - Delivery of Extra Care Housing'. Executive Board approved proposals for the delivery of extra care housing for older people across the City as part of the Council House Growth Programme and to support the Better Lives Programme.
- 2.2. The Executive Board recognised the need to stimulate the delivery of extra care homes, which the market in Leeds has been failing to deliver in sufficient quantity. The Executive Board agreed to offer six Council owned sites for the purpose of extra care housing to developers, with a view that sites which were unviable commercially would instead be developed by the Council, utilising a £30m HRA fund. A working assumption was that three of the six sites might be required to be Council-owned.

## **3. Main Issues**

### **Leeds Vision for Extra Care**

- 3.1. Extra Care housing is primarily for people who have care and support needs as well as a housing need. An extra care scheme:
  - Provides on-site access to 24/7 emergency or unplanned care which is an additional feature that separates it from other forms of retirement living.
  - Helps to alleviate social isolation through access to shared facilities, dining and activities.
  - Allows people to use their personal budgets in order to make their own alternative arrangements for the provision of planned care.
  - Is accessible and flexible accommodation designed, or capable of being adapted, to support the delivery of personal social and health care services.
- 3.2. Extra care housing offers an alternative, more cost effective model to residential care. A detailed demand analysis exercise including extra care was carried out to identify the quantity and type of specialist older people's housing required across the city until 2028. This revealed a shortfall of extra care housing whilst predicting that the demand for residential care will decrease as the aspirations of people to live well in older age increases.
- 3.3. The Leeds Vision for Extra Care housing is to work with partner organisations to construct more than 1000 units of extra care housing by 2028 to meet the growing demand for this accommodation type and population forecasts.

## Sites Dedicated to Extra Care Housing

- 3.4. Six sites were dedicated to the delivery of extra care housing by Executive Board in July 2017. In accordance with the procurement strategy approved by Executive Board, the Council approached providers on the North Yorkshire County Council (NYCC) extra care housing framework to gauge their interest in delivering schemes on these sites. The Council received a very positive response which resulted in the four sites identified in Table 1 below being included in Package 1 for delivery by the NYCC provider framework.

**Table 1 – Sites allocated to extra care housing delivery package 1 (external provider schemes)**

| <b>Committee Area</b> | <b>Site/ Location</b>                                | <b>Size (ha)</b> |
|-----------------------|--|------------------|
| Outer South           | Windlesford Green, Rothwell                          | 0.71             |
|                       | Westerton Walk. West Ardsley                         | 0.99             |
| Inner East            | Former Seacroft Library, Seacroft Crescent, Seacroft | 1.41             |
| Outer North West      | (Land off) Farrar Lane, Holt Park                    | 1.31             |

- 3.5. Desktop analysis, site surveys and intrusive site investigations have been completed on the majority of the sites. Where required, demolition work has been undertaken or is planned to enable intrusive surveys to be completed and the clearance of underground services. These results will be provided to the awarded contractors and support their design development work and preparation for planning.

## Package 1 Update

- 3.6. The North Yorkshire County Council (NYCC) Extra Care procurement framework was used to appoint the external provider to design, build and operate the four schemes. The tender was published on 30<sup>th</sup> April 2018 and closed on 3<sup>rd</sup> August 2018. Four bids were received from five of the six providers on the NYCC framework, as one joint bid was submitted.
- 3.7. The tender evaluation was weighted 60% for quality and 40% for price. The quality evaluation focused on areas including services, works, programme management and design. The pricing criteria included the weekly average affordable rent, cost of care per hour, housing management weekly cost and land value offers for each of the four sites. Bidders were also required to produce RIBA Stage 2 designs for the first site, Westerton Walk in West Ardsley.
- 3.8. The evaluation concluded in October 2018. Following Executive Board's original decision to proceed with the delivery of extra care housing, the Director of Resources and Housing has in accordance with his delegated authority now

approved the decision to enter into a partnership contract with a consortia to design, build and run four Extra Care schemes.

- 3.9. As part of the project, the Council will dispose of the four sites sequentially to the winning bidder. Land disposals will be subject to agreeing detailed heads of terms and further final approval from Executive Board.
- 3.10. The four schemes will deliver around 240 units of extra care. The schemes will be mixed tenure, which may include homes for outright sale, shared ownership and affordable homes for rent. The Council added a contractual requirement to the partnership arrangement to ensure that a minimum of 35% of each new scheme would be affordable homes for rent. This level of affordable housing exceeds the minimum planning requirement in the majority of the areas in which the Package 1 sites will be delivered.
- 3.11. The affordable rented units will be managed by the commissioned provider, but the Council will have 100% nomination rights on the affordable rented units for the first lettings, followed by 75% nomination rights for 60 years thereafter for subsequent lettings. This will be subject to a nominations agreement. Assuming each scheme delivers around 65 new extra care homes, this should result in around 91 affordable rented homes in addition to those being delivered directly by the Council under Package 2.

### **Package 2 Update**

- 3.12. Package 2 is currently in the pre-procurement stage of delivery and will go out to tender in early 2019. The schemes in Package 2 will be delivered directly by the Council and deliver up to 200 units, subject to planning permission. The Council will retain the land and own and manage the schemes. All of the units will be let at affordable rent levels.
- 3.13. Package 2 is to be supported by £30m of HRA capital funding. Due to the procurement route taken for Package 1, and the market interest in this, it meant that only two sites were available to deliver Package 2. Three sites of up to 1 hectare in size are required to be able to deliver up to 200 council units of extra care. The Council has been working to identify potential additional sites for Package 2 and to assess the viability of sites approved by Executive Board in July 2017.
- 3.14. The north part of a site at Cartmell Drive South in Halton Moor, Temple Newsam LS15 has been identified as being suitable for the third extra care site and it is currently available. The red line boundary plan for the site is provided in **Appendix 1**. It is proposed that general needs housing will be built on the south of the site. Executive Board is recommended to agree that the north of the site be dedicated to extra care housing.
- 3.15. Following site appraisals it has been determined by Housing, Planning and Adults and Health that the Middleton Skills Centre site, originally identified as one of the six sites for extra care housing in July 2017 has a number of site constraints which mean that the Council would only be able to develop an extra care scheme of around 40 - 45 units. Options including using more creative design to maximise

space were explored but it was determined that the site could not deliver a viable extra care scheme.

- 3.16. Work has been carried out to identify a replacement site for extra care in the same ward and part of the Throstle Recreation Ground site is being proposed. Part of the Throstle Recreation Ground site in Middleton Park has been identified by Strategic Asset Management as being suitable and currently available for an extra care scheme. The site is included in the Council’s Brownfield Land Programme and is in part allocated for housing, although ownership is split between the Council and Wade’s Charity.
- 3.17. The site was identified as a site for the development of private housing, and was intended to be brought to the market on the back of the delivery of new market homes by Keepmoat at Thorpe Road and Towcester Avenue. This was intended to support regeneration of the areas through increasing the mix of tenures in this part of Middleton. The red line boundary for the entire site can be found in **Appendix 2**.
- 3.18. Discussions are taking place between Asset Management, Regeneration and Planning to determine the most suitable location for the extra care scheme on the site taking into account the timescales for delivery and approach to secure comprehensive development and appropriate laying out of open space.
- 3.19. The delivery approach to secure housing development on the remainder of the developable land will also be considered as part of this process. Executive Board is recommended to agree that part of the Throstle Recreation Ground site be dedicated to the delivery of extra care housing.
- 3.20. If Executive Board support these proposals, the result would be that the sites shown in Table 2 below would be dedicated to the delivery of the Package 2 extra care housing schemes

**Table 2 – Sites allocated to extra care housing delivery package 2 (Council provided schemes)**

| <b>Committee Area</b> | <b>Site/ Location</b>   | <b>Size (ha)</b> |
|-----------------------|---|------------------|
| Inner West            | Middlecross, Simpson Grove, Armley                                  | 0.79             |
| Outer East            | Cartmell Drive South (part), Halton Moor South                      | 0.94             |
| Inner South           | Throstle Recreation Ground (part), Middleton Park Avenue, Middleton | T.B.C            |

### **Programme**

- 3.21. The indicative programme for Packages 1 and 2 is as follows. This is subject to contract awards and Planning approval:

**Table 3 – indicative extra care programme**

|  |             |
|--|-------------|
| Contract award for Package 1   | Winter 2018 |
| Tender issued for Package 2  | Spring 2019 |
| Completion of design and planning approval for first site in Package 1 | Summer 2019 |
| Start on Site (for first site in Package 1)                            | Autumn 2019 |
| Contract award for Package 2   | Winter 2019 |
| Planning submission (for first site in Package 2)                      | Spring 2020 |
| Start on Site (for first site in Package 2)                            | Summer 2020 |
| Practical completion of all Package 1 schemes and final occupancy      | Spring 2021 |
| Practical completion of all Package 2 schemes                          | Winter 2021 |
| Handover of all Package 2 schemes and final occupancy                  | Spring 2022 |

#### **4. Corporate Considerations**

##### **4.1. Consultation and Engagement**

- 4.1.1. In developing our Extra Care offer, both Voice for Older Leeds Tenants and the Leeds Older People's Forum were consulted and are very supportive of the approach we are undertaking to deliver specialist accommodation for older people in Leeds. Both groups were keen to ensure that residents' views were taken into account as part of any future developments the Council may deliver in partnership with third parties and a number of their key recommendations were incorporated in the Leeds Older People's Housing Prospectus which was produced in Autumn 2015.
- 4.1.2. For Package 1, consultation has taken place on an individual basis with members, where appropriate, throughout the course of the project to date. Consultation was held with local ward members in the four wards which will benefit from these extra care housing schemes prior to contract award. Ten Members have actively supported the proposals. At the time of writing, a further consultation session has been set up with the remaining member who has not yet been able to comment.
- 4.1.3. A ward member for Rothwell ward does not support the proposal, as his preference is for a Council run and managed extra care housing scheme, rather than a scheme delivered through an external provider, as he wishes to maximise the number of affordable units available in his ward. The strategy to deliver extra care housing through both external providers and directly through the Council, however, was previously approved by Executive Board in July 2017. The member for Rothwell has asked for assurance about the impact on existing residential care schemes in the Rothwell area.
- 4.1.4. The members in all areas requested confirmation about the level of affordable rented housing in schemes and for further information about the lettings policy for the schemes. They also agreed that communications plans should be put in place to ensure that all the relevant stakeholders could be engaged as schemes progressed and to ensure that timelines for key activities during the delivery stage could be planned for appropriately.

- 4.1.5. For Package 2 a consultation process is currently being undertaken with the nine local ward members representing Armley, Middleton Park and Temple Newsam wards, which are proposed to have extra care housing schemes delivered directly by the Council.
- 4.1.6. The project team follows the Housing Growth Member Engagement Strategy, which applies to all Housing Growth projects, be it extra care or general needs housing. The project team is committed to ensuring that elected members are effectively engaged, consulted and informed throughout the life cycle of the developments. The principal method of engagement utilised by the project team is to brief members at regular intervals through high quality and informative briefing notes and/or face to face updates. The frequency of communication depends on the stage of the project and whether enquiries or issues have been raised.

#### 4.2. **Equality and Diversity / Cohesion and Integration**

- 4.2.1. An Equality, Diversity, Cohesion and Integration (EDCI) screening was completed in 2017 which looked at the potential impact of the delivery of up to 200 new Extra Care homes on equality, diversity, cohesion and integration as part of the wider Council Housing Growth Programme (CHGP). The proposals reflect differences in need in relation to existing and predicted supply of Extra Care housing across the city's neighbourhoods and seek to facilitate an increase in supply to meet current and predicted localised gaps in provision. This EDCI screening document has been updated for December 2018. It is attached for reference at **Appendix 3**.

#### 4.3. **Council Policies and Best Council Plan**

- 4.3.1. The Extra Care programme directly contributes to one of the Best Council Plan's 2018/19 outcomes of enabling residents to live with dignity and stay independent for as long as possible.
- 4.3.2. The delivery of the Extra Care programme also contributes to the Housing priority contained within the Best Council Plan 2018/19 by creating housing of the right quality, type, tenure and affordability in the right places. It also provides the right housing options to support older and vulnerable residents to remain active and independent.
- 4.3.3. In addition, the cross-cutting Extra Care programme works towards the Health and Wellbeing objective, notably, by supporting self-care with more people managing their own health conditions in their community, and enabling people with care and support needs to have choice and control.
- 4.3.4. The programme supports the delivery of the Better Lives programme through:
- Supporting the health and well-being of older people who wish to live independently
  - Providing an alternative to residential care
  - Ensuring that older people have a wider choice of housing and care options including the provision of person centred care and support
  - Increasing the supply of specialist homes for older people that are for rent, shared ownership and for sale.



#### 4.4. Resources and Value for Money

- 4.4.1. A multi-disciplinary cross directorate team has been established to deliver the project. This includes representatives from Housing Growth, Housing Management, Adult Social Care and City Development. The day to day management of the project is led by the Director of Resources and Housing who is working in partnership with the Director of Adults and Health.
- 4.4.2. The £30 million funding approved for the extra care schemes was made available through the Council House Growth Programme. It is made up of HRA borrowing, Right to Buy receipts and Homes England affordable housing grant. The exact mix of funding sources used for each extra care scheme delivered will be determined once the delivery route and tenure mix for each scheme is confirmed.

#### **Adult Social Care System Cost Savings Estimated to be Generated by Package 1 - Local Authority Funded Placements**

- 4.4.3. The table below models the potential benefits of placing local authority funded residents in Westerton Walk versus the average price paid by Adults and Health for a person living in residential care provision based on current framework rates. It is evident that the scheme will deliver significant efficiencies to Leeds City Council for each person funded by the local authority living in Westerton Walk, who does not enter residential care.
- 4.4.4. Initial financial comparisons on the average cost of residential care (local authority and independent sector provision) versus extra care (based on the actual tendered cost of care package for Westerton Walk provided by the winning bidder) reveal that extra care, even with all care recipients having high care and support needs, provides the opportunity to realise significant system cost savings.

**Table 4 – Comparison of extra care and residential care costs**

| <b>Assessed Care Need</b>        | <b>Westerton Walk<br/>(Estimated weekly cost per resident)</b> | <b>Residential Care<br/>(average weekly cost per resident)</b> | <b>Westerton Walk<br/>(average weekly saving per resident)</b> |
|----------------------------------|--|--|--|
| <b>Medium</b><br>(2 hrs per day) | £210.00*   | £544.50**  | £334.50  |
| <b>High</b><br>(3 hrs per day)   | £315.00*   | £544.50  | £229.50  |

\* Average cost of care based on upper guide costs issued as part of the tender exercise.

\*\*Average cost of Residential care based on Local Authority and Independent Sector provision

- 4.4.5. If the minimum projected efficiency saving of £240.00 per week for an individual with high support needs is applied against LCC's anticipated nomination rights of 35% for this development, this would generate an estimated system cost saving of approximately £274,560 per annum.

## **Self-Funded Placements**

4.4.6. We have also modelled the costs for self-funders who are required to meet the full cost of their own housing and care. For a self-funder with high support needs currently living in residential care (local authority or independent sector provision) Westerton Walk is estimated to generate a personal saving of £5,080.40 per annum which represents better value for modern, purpose-built, accessible accommodation that promotes independent living, has the flexibility to adapt to peoples changing needs over time and supports ageing in place.

### **4.5. Package 1 Affordable Rents**

4.5.1. As part of the procurement exercise, the winning bidder of Package 1 was required to submit an average weekly affordable rent for the affordable rented units on the Westerton Walk scheme. LCC Housing Management and LCC Housing Benefit have been consulted and confirmed that the proposed rent levels are reasonable and eligible for housing benefit.

4.5.2. Our experience in managing the Council's extra care housing scheme at Wharfedale View, Yeadon extra has identified that since opening in December 2016 the vast majority of residents in affordable rented flats are fully funded through housing benefit, with very few tenants self-funding. All the shared ownership residents (and any purchasing homes outright) are very likely to be self-funded.

### **4.6. Capital Receipts Position**

4.6.1. One site in Package 2 has been identified as a potential receipt in future years with the notional value of £200k, however, it is not being relied upon to support the capital strategy to 2021/22.

4.6.2. The Council owned land at Throstle Recreation Ground is currently included within the Brownfield Land Programme, the purpose of which was to deliver new housing on the Council's brownfield land holdings. Whilst the programme did not set out to achieve capital receipts across every site, the Throstle Recreation Ground was being prepared for marketing.

4.6.3. The four sites would attract higher offers for private residential developments on the open market than for the proposed specialist residential care use. Selling the land for specialist care use will therefore result in the Council not achieving best consideration. However, by progressing the proposals for new extra care housing as an alternative to other more expensive and less suitable options for those needing care and support, the Council expects it can also make significant financial savings.

4.6.4. In July 2017 Executive Board approved this approach recognising that a key driver for the project was to use existing Council assets to stimulate the market and encourage extra care housing growth within the City. Executive Board also noted that "the potential revenue savings to the Council which will result from the provision of additional extra care housing places across the City... will be accrued through the use of sites that would otherwise be disposed of to generate a capital receipt."

4.6.5. In the evaluation criteria, price (which incorporated land offers) was weighted 40%, with the larger 60% focused on quality. Only 6% of the overall evaluation criteria was focused on capital receipts because it was understood that the long-term Adult Social Care system cost savings resulting from the schemes would vastly outweigh these.

4.6.6. As part of the procurement exercise for package 1, bidders were required to submit a net purchase offer for the Westerton Walk site and gross offers for the three subsequent sites. The Council still expects to receive capital receipts for the sites in Package 1, although the final terms of the disposal will be confirmed once detailed design is completed for planning purposes and site investigations have been undertaken to determine ground abnormalities.

4.6.7. Once the final position is known, further reports will be submitted to Executive Board requesting approval to the disposal terms and the Council will enter into separate development agreements for each of the package 1 sites with the winning bidder.

#### 4.7. **Legal Implications, Access to Information, and Call-in**

4.7.1. The report is a key decision and is subject to call in as a report to Executive Board.

#### 4.8. **Risk Management**

4.8.1. A risk log is being maintained throughout the project. Any issues arising are escalated through the governance process as necessary. Some of the key risks and mitigation strategies for the programme are as follows:

| <b>Key Risk</b>  | <b>Mitigation Strategy</b>   |
|--|--|
| 1. Planning applications are refused and / or require changes, delaying the programme and resulting in increased costs | The Housing Growth team has a dedicated Planner who will carry out the pre-apps for the schemes and will review designs during the tender process to ensure they are compliant. A Highways representative will also be present to review bidders' designs to ensure compliancy. A design officer is part of the project team and will review designs to allow greater access to planning advice. |
| 2. Challenging site conditions leading to programme delays / high site abnormal costs / issues                         | Detailed site surveys and investigations are undertaken by LCC for all the sites and provided to the selected contractors. The programme has been developed taking into account this site information. Some site risk contingency has been built into the project budget.  |
| 3. The appointed provider for Package 1 does not meet LCC design and construction requirements                         | Robust contract management and performance monitoring will be in place to ensure the provider complies with all LCC requirements and terms and conditions. Risks and issues will be addressed and managed through monthly progress meetings.   |

|  |  |
|--|--|
| 4. Package 2 tender process is unsuccessful and the project team is unable to appoint a contractor | The project team will ensure there are adequate face to face clarification sessions / dialogue with bidders to assist them in submitting compliant bids. Items will be given a RAG rating to clearly highlight to bidders which elements require modification. All other bidders' clarification questions will be responded to in writing.   |
| 5. Package 2 build contractor does not build to LCC requirements and defects occur                 | The technical output specification being produced by LCC is clear, robust and free from ambiguity. In addition, LCC will issue standard floor layouts for the dwellings in the tender documentation to demonstrate to bidders what LCC requirements look like in design terms. Effective quality assurance will be carried out once the contractor is onsite. These factors should reduce the potential for defects and specification problems. The contractor will be responsible for rectifying defects. |

## 5. Conclusions

- 5.1. The extra care programme is part of the wider Council House Growth Programme and the four sites in package 1 will deliver around 240 homes through an external provider of which a minimum of 35% will be affordable rented units. The next package of three sites will deliver up to a further 200 council owned and managed units by winter 2021.
- 5.2. As a result of this approach, seven sites will be used for Extra Care schemes, ensuring that the HRA funding is maximised and that further progress is made towards the target of 1,000 Extra Care units in Leeds by 2028, as set out in the Leeds Vision for Extra Care.
- 5.3. The programme will support the Better Lives Programme and generate significant system cost savings for Adult Social Care. If the minimum projected efficiency saving of £240.00 per week for an individual with high support needs is applied against LCC's anticipated nomination rights of 35% for the Westerton Walk development, this would generate an estimated system cost saving of approximately £274,560 per annum.
- 5.4. The programme will help tackle the critical undersupply of extra care housing in the City and deliver high quality homes for older people with care needs in seven locations across the City. This will mean that the Council is well on its way to meeting its target of 1,000 extra care homes for older people across the city by 2028. By working in this way, the Council will significantly accelerate delivery of these much needed homes over the next 3 years.

## 6. Recommendations

The Executive Board is asked to:

- 6.1. Note the progress made in the delivery of the extra care housing programme.

- 6.2. Agree that the north of Cartmell Drive South be dedicated to the delivery of extra care housing.
- 6.3. Agree that part of the Throstle Recreation Ground site be dedicated to the delivery of extra care housing.
- 6.4. Note the Adult Social Care system cost savings estimated to be generated from Package 1.
- 6.5. Note the likely position in relation to capital receipts arising from the programme and that the Director of City Development will negotiate the detailed terms including the financial consideration for the disposal of each site in Package 1 and will seek the approval of Executive Board to the final terms of each disposal.

**7. Background documents<sup>1</sup>**

None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.