

Open Report on behalf of Glen Garrod, Executive Director, Adult Care and Community Wellbeing and James Drury, Executive Director, Commercial

Report to:	Executive
Date:	02 February 2021
Subject:	Extra Care Housing Scheme and Community Supported Living Units for Working Aged Adults at The Hoplands Sleaford with North Kesteven District Council
Decision Reference:	I021124
Key decision?	Yes

Summary:

This report recommends that a further £2.56 million of the designated capital programme budget is released to enable the Hoplands scheme to begin development in the summer of 2022. The project is a proposed partnership between Lincolnshire County Council (LCC) and North Kesteven District Council (NKDC), to provide Extra Care Housing (ECH), and community supported living (CSL) units for Working Aged Adults (WAA) with learning disabilities, mental health and/or physical disabilities, for the anticipated demand in the North Kesteven District.

Following the commencement of the De Wint Court scheme, in partnership with the City of Lincoln Council, the remaining capital programme budget is £9.086 million. However, a further £1.99 million has been allocated to support the Linelands ECH scheme, in partnership with Lace Housing Ltd (LH). LCC's contribution of £2.56 million towards the Hoplands scheme in Sleaford, (£1.6 million towards the ECH scheme, and £960,000 towards the CSL units for WAA) will provide LCC with nomination rights on all 40 units within the ECH scheme, and a further 12 CSL units for WAA with learning disabilities, mental health and/or physical disabilities for a period of 30 years; using a process of first refusal with no void risk. The scheme will help provide alternative accommodation choice whilst enabling independence, and access to services within the local community.

LCC proposes to dispose of 0.9625 hectares of the Hoplands site for nil value to NKDC, which is permitted under the state aid rules where the aid provided can be categorised as Services of General Economic Interest (SGEI). LCC's contribution to the Hoplands scheme is on the condition NKDC acquires relevant approvals, obtains planning permission and secures the additional funding required.

The remaining 0.81262 hectares will be sold to Lafford Homes, NKDC's wholly-owned property company, which operates through its own board of directors, at commercial value to provide market rental properties. Should Lafford Homes not be in a position to proceed, NKDC will purchase the remainder of the site for the development of social housing.

Initial findings suggest that a £2.56 million investment (£1.6 million towards ECH scheme and £960,000 towards the CSL units for WAA), which allows LCC nomination rights on 40 ECH properties supporting 40 individuals could generate an annual saving of £127,060 per annum based on 2019/20 prices. On this basis and assuming a rate of inflation totalling 2 per cent for the duration of the scheme, it is estimated that the total savings will equal the total value invested (i.e. the breakeven point) after 18 years. This saving will be higher once a WAA revenue model has been confirmed.

Recommendation(s):

That the Executive:

- (1) Approves the payment of a sum of £2.56 million from the Capital Programme for Lincolnshire to NKDC through a Funding Agreement to support the development of the Hoplands, Sleaford, which is permitted under the state aid rules where the aid provided can be categorised as Services of General Economic Interest, with Lincolnshire County Council and North Kesteven District Council entering into a Nominations Agreement and Funding Agreement for the Extra Care Housing scheme and Working Age Adult properties, to secure nomination rights for Lincolnshire County Council on 40 Extra Care Housing units and 12 Community Supported Living units for Working Age Adults with learning disabilities, mental health and/or physical disabilities; through a process of first refusal with no void risk for a period of 30 years.
- (2) Approves the under-value disposal of 0.9625 hectares of the Hoplands site for nil value to North Kesteven District Council to support the development of the Hoplands, which is permitted under the state aid rules, where the aid provided can be categorised as Services of General Economic Interest. (The market value for this section of land is £650,000).
- (3) Approves the disposal of 0.81262 hectares of the Hoplands site for market value of £250,000 to Lafford Homes, North Kesteven District Council's wholly-owned property company, for the development of market rental properties, or to North Kesteven District Council for the development of social housing, in the event Lafford Homes are unable to proceed.
- (4) Delegates to the Executive Director for Adult Care and Community Wellbeing, in consultation with the Executive Councillor for Adult Care, Health and Children's Services, authority to determine the final form, and approve the entering into of all legal documentation necessary to give effect to the above decisions.

Alternatives Considered:	
1)	Do Nothing: The lack of affordable and available ECH and CSL for WAA in Lincolnshire as a viable alternative to more costly residential services will continue to limit choice and increase revenue costs for LCC in the medium and long term.
2)	Provide funding for the Hoplands on the basis of a Collaboration Agreement rather than a Funding Agreement: It is not possible to evidence the necessary collaboration in this instance to make this a viable option. This approach would require a greater degree of involvement in the Scheme and sharing of risk than can be achieved through a Funding Agreement.

Further assessment of the above options is set out in the body of this report.

Reasons for Recommendation:
<ul style="list-style-type: none"> • To enable LCC to develop an ECH scheme and additional CSL accommodation for WAA with learning disabilities, mental health and/or physical disabilities in partnership with NKDC, thereby utilising NKDC's existing housing development resources and expertise, together with their capacity for the creation of the new scheme, to offset the higher revenue costs of residential care, and allow LCC to reinvest resources in preventative measures; • To provide the means for LCC to use its existing and future best value care and support contracts to support the new development; and • The proposed contractual arrangements using the appropriate exemptions grants the ability for LCC to contribute compliantly with procurement and state aid obligations, together with providing the least risk in relation to the operation of facilities, and in particular financial implications in respect of voids.

1. Background

The Strategic Case

- 1.1 Lincolnshire County Council (LCC) has defined Extra Care Housing (ECH) and Community Supported Living (CSL) for Working Age Adults (WAA) with learning disabilities, mental health and/or physical disabilities as accommodation which promotes wellbeing and independence. It is designed in such a way that it responds to individuals developing care needs as they grow older; consequently providing a more adaptable and flexible approach in the provision of care and support for Lincolnshire's residents.

- 1.2 The Adult Care Capital Programme for Lincolnshire is intended to help older people and WAA achieve greater independence and improve wellbeing, by offering further choice over housing and care options within local communities. Furthermore, both types of accommodation will help divert a number of older people and WAA from moving into residential care and inpatient admissions, allowing LCC to reinvest resources in preventative services. The development of ECH and WAA accommodation presents an opportunity to generate a sustainable future for health and social care in Lincolnshire; meeting a key ambition of the sustainable services review.
- 1.3 National policy debate has shifted from a focus on frail and vulnerable people and treating ill health, towards an agenda for which the emphasis is:
- Promoting independence;
 - Improving well-being;
 - Enhancing quality of life; and
 - Accessing services closer to home.
- 1.4 The provision of supported living opportunities encourages people to live more independently in accommodation that matches their individual needs. It enables them to exercise much more choice and control in key aspects of their life, such as where they live, and the type of support package they receive. Supported living also promotes inclusivity within the local community, improving health and well-being, providing opportunities to develop skills and knowledge, helping to build confidence and, overall, enhancing quality of life.
- 1.5 An ageing population coupled with rising numbers of profoundly disabled WAA, presents public services, including housing, with a number of challenges to ensure the availability of adequate and appropriate services. These demographic changes have required a policy response from central government, local housing, health, and social care agencies.
- 1.6 In the context of austerity for local authorities in England, social care services for adults are widely recognised as being under-resourced. In addition, services are experiencing growing demand and increasingly complex care needs across the age ranges. This is coupled with increasing NHS pressure and spiralling staff costs, as highlighted in research by the Association of Directors of Adult Social Services. The research shows councils require a sustainable long-term funding strategy to underpin social care. Lincolnshire is no exception to this national picture and, as such, alternative approaches need exploring in order to deliver the most cost effective service. Housing is a key priority for the Health and Wellbeing Board and this project contributes to the impact on the following LCC Corporate Plan Strategies:
- Adult Frailty and Long Term Conditions;
 - Special Adult Services;
 - Carers;
 - Adult Safeguarding; and
 - Wellbeing.

- 1.7 LCC is contributing to the development of a 'Homes for Independence' Lincolnshire strategy, the delivery of which will be overseen by Lincolnshire's Housing, Health and Care Delivery Group. The strategy will articulate the types of housing required to support those for whom LCC provides services, the scale of this need, and the geographic hotspots in the county. LCC will work in partnership with District Councils and with the supported housing commercial market to deliver the requirements, rather than delivering the housing directly. The strategy will be made publically available to enable the market to develop suitable delivery approaches.
- 1.8 Currently the main sources of evidence surrounding the need for housing with care in Lincolnshire are the Council's Extra Care Needs Assessment, which was undertaken in 2014 and updated in 2017, and the work of Housing LIN in 2018. For the purposes of this business case, data from both of these sources has been used as the evidence base.
- 1.9 The Needs Assessment introduces LCC's vision for the provision of housing with care, both now, and in the future. This business case supports the following pivotal strategic objectives outlined in the Needs Assessment:
- Provide choices for housing, support and care services, to meet future demand;
 - Design and develop schemes through innovative partnership which provide options in lifestyle, accommodation size, location, tenure and services;
 - Work collaboratively with Health, District Councils, independent housing providers and voluntary groups; and
 - Encourage older people's participation in the design and implementation of new schemes to better meet their requirements.

Existing Provision and Estimated Need of Specialised Housing for North Kesteven District Council (NKDC) – Data from Housing LIN Report 2018

Housing for Older People

1.10 The following table summarises the current profile of older people's housing in the North Kesteven district, in relation to the nomination rights on the proposed new the Hoplands scheme.

Housing for Older People	Current provision of housing for older people for rent is significantly above the Greater Lincolnshire and national average. Older people's housing for sale is below both the Greater Lincolnshire and national average. The district is currently ranked 51 out of 326 local authorities for older people's housing (social rent). Ranked 273 out of 326 authorities for private sector retirement housing.
Housing with Care	Limited provision of housing with care for rent. However, ranked 107 out of 326 authorities in relation to private housing with care for sale.
Residential Care	Provision below both the Greater Lincolnshire and national average. Ranked 247 out of 326 authorities.
Nursing Care	Provision above both the Greater Lincolnshire and national average. Ranked 138 out of 326 authorities.

1.11 The table below shows a summary of the **current** provision of older people's housing in the North Kesteven district, the projected need and the shortfall/net need. This project will aim to address the projected provision for social (rent) in the Housing with Care section, highlighted in red in the table below.

Type	Current Provision	Projected provision required				
		2018	2020	2025	2030	2035
		Units/Beds	Units/Beds	Units/Beds	Units/Beds	Units/Beds
Housing for Older People						
Social (rent) Units	1624	1624	1624	1624	1624	1624
<i>Net need</i>		0	0	0	0	0
Private(for sale) Units	91	372	560	1065	1338	1612
<i>Net Need</i>		281	469	974	1247	1521
Housing with Care						
Social (rent) Units	15	167	183	212	202	166
<i>Net need</i>		152	168	197	187	151
Private(for sale)Units	54	19	37	107	204	337
<i>Net Need</i>		-35	-17	53	150	283
Residential care Beds	338	588	596	683	698	704
<i>Net need</i>		220	258	345	360	366
Nursing care Beds	520	558	609	738	802	864
<i>Net need</i>		38	89	218	282	344

Working Age Adult Housing

1.12 As part of modelling work around need and demand for supported housing in Lincolnshire, the Public Health Intelligence Team (PHIT) reviewed national evidence to determine the estimated number of units required in the county. Applying national projections locally suggests that 994 units are currently required in Lincolnshire for WAA with learning disabilities, physical disabilities, sensory impairment and/or mental health problems. This figure is expected to rise to 1,239 by 2030.

1.13 There are currently circa 600 units of CSL accommodation in Lincolnshire. However, utilisation of this service type cannot be considered in isolation to determine demand, since it is somewhat reliant on what is available at any given time. Current supply and utilisation of services in North Kesteven as at 31 March 2020 indicates 241 people with learning disabilities known to Adult Care services of which;

- 90 people live in supported living settings;
- 97 people live with parents, family or friends;
- 16 people live in a property rented from an RSL or the District Council;
- 78 people with learning disabilities live in residential/ nursing care;
- 14 people physical disabilities are residing in long term residential care;
- 55 people with physical disabilities are in receipt of homecare provision; and
- 37 people are accessing day services.

- 1.14 This data gives an indication of potential demand for supported accommodation among this cohort within the North Kesteven district. Use of residential care services for people may serve as an indicator of demand for supported accommodation; if suitable supported accommodation were available it may be a more appropriate and beneficial alternative to long stay residential care for individuals. The accommodation setting of current users of services provides a potential indication of future demand for supported accommodation, particularly where people are living with an informal carer.
- 1.15 A Specialist Adult Services Accommodation Strategy (for adults with learning disability, autism and/ or mental health needs) is under development to support the Homes for Independence blueprint. This will consider the need for residential and nursing care as well as supported accommodation, shared lives services and other accommodation for WAA with complex needs, and this project will help to meet the needs of the strategies objectives and projected demand.

2. The Business Case for The Hoplands

- 2.1 This business case provides the information for a decision to be taken by LCC to proceed with securing nomination rights at the proposed new Hoplands scheme being developed by NKDC in Sleaford, for 40 ECH units and 12 CSL units for WAA with learning disabilities, mental health and/or physical disabilities, as part of the LCC's Adult Care Capital Programme at a cost of £2.56 million; £1.6 million towards the ECH scheme and £960,000 towards the CSL units for WAA.
- 2.2 The project's aim is to provide alternative accommodation choice for people to remain in a home of their own, connected to their local community where they can be supported by their social networks, thereby encouraging them to live meaningful and independent lives. Individual tenancies provide privacy, whilst communal spaces provide an area for neighbours, friends and family to meet, together with the opportunity to engage in group activities if they choose to. The ECH scheme will utilise the 24 hour care and support which schemes can provide across a range of residents.
- 2.3 The purpose of the project is to deliver ECH provision and accommodation for WAA with learning disabilities, mental health and/or physical disabilities in the District of North Kesteven, and enable LCC to nominate to all 40 ECH units and 12 CSL units within the proposed new scheme, for a period of 30 years, with first refusal and no void risk; subsequently helping to meet the identified need within the locality.
- 2.4 The Hoplands will play an important part in increasing people's independence, wellbeing and longevity, as well as aid in the ability to stop and/or slow down further physical and psychological deterioration, in turn reducing pressure on Adult Care revenue budgets, and enabling LCC to reinvest resources into more preventative measures. The proposed new scheme will provide an environment which encourages movement and opportunity for physical exercise which keeps the mind active, develops motivation, increases confidence and enhances creativity. Research highlights that unsuitable housing, stress, and loneliness can have a significant impact on health and well-being. The Hoplands will provide an

environment which promotes a more positive and healthy lifestyle, enabling and encouraging motivation to remain independent, and the ability to participate in meaningful and purposeful activities. The scheme will encourage tenants to volunteer in sharing knowledge, skills and experiences, as well as strengthen the opportunity to develop and build new and continued social networks.

- 2.5 LCC residents will be able to access all other services, both via the Wellbeing service, as well as through a range of options by which LCC supports people including, but not exclusive to, block contracted homecare, self-funded home care, Direct Payments, Personal Health Budgets, and other options developed over time. This care and support will be there to meet identified needs within a joint Care and Wellbeing Vision. A draft Nominations Process will be drawn up and joint workshops will develop the practical delivery of the Care and Wellbeing Vision for the ECH scheme, the allocations panel and nominations process for this project.
- 2.6 LCC owns the freehold of the Hoplands site which has been vacant since 24/07/2009. The site does not directly adjoin the public highway and access is therefore taken over a small strip of land off The Hoplands owned by NKDC. LCC lacks access rights for anything other than the highway depot usage established by prescription. Following the sale of the site to Lafford Homes and NKDC, NKDC will provide access rights to Lafford Homes.
- 2.7 The Hoplands site has been ear-marked for ECH and WAA accommodation, to aid the strategic need to support the development of ECH and CSL within the area. LCC proposes to provide financial assistance of £2.56 million and transfer 0.9625 Hectares of the Hoplands site for nil value to NKDC, both of which are permitted under the state aid rules where the aid provided can be categorised as Services of General Economic Interest (SGEI).
- 2.8 LCC is able to make an undervalue disposal without specific Secretary of State consent if it can meet the conditions of the Local Government Act 1972 General Disposal Consent (England) 2003. This states that specific consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area, as long as (1) the amount of the undervalue is less than £2 million, (2) the disposal is state aid compliant and (3) the land is not held as housing land under the Housing Act 1985 or under the Town and Country Planning Act 1990. Point (3) is satisfied in this case, so LCC needs to consider points (1) and (2). In this case, the undervalue is £650,000, and the disposal will help secure the promotion of social wellbeing by providing ECH and CSL facilities which encourage people to live independently for as long as they wish to do so within their local community and access services closer to home. Furthermore, such facilities aim to improve wellbeing through enhanced community involvement opportunities and aim to avoid admission to hospital; consequently expanding the bed capacity within hospitals, increasing the number of patients discharged from hospital, and decreasing those who may have a need for residential care. Additional advantages of such facilities are set out in this report.

- 2.9 Alongside compliance with section 123 obligations, disposing of land at an undervalue, together with the giving of grant funding could also amount to state aid. The value of aid in property disposals is calculated as follows:

"when assessing the value of an aid in the form of a sale of property at an allegedly preferential price, the principle of the private investor operating in a market economy applies. Therefore, the value of the aid is equal to the difference between what the recipient in fact paid and what it would have had to pay in an arm's length transaction of the open market to buy an equivalent property from a vendor in the private sector at the time of the relevant transaction".

In order for LCC to comply with their statutory obligations regarding state aid, LCC will rely on the Commission Decision (2012/21/EU) (SGEI Decision) on the basis that ECH is a Service of General Economic Interest (SGEI). LCC has sought external legal advice, which has outlined that aid provided in relation to the scheme is suitable for classification as SGEI. The SGEI Decision specifically refers to social housing and social services,¹ which the Hoplands will deliver. LCC, therefore, intends to transfer the site and provide the grant funding to support the construction of the proposed new ECH and WAA accommodation, which will provide both affordable housing and social care to those who qualify and are nominated by LCC. The Funding Agreement will be drafted to incorporate the requirements of the SGEI Decision.

- 2.10 Following the proposed sale of the Hoplands site to NKDC, NKDC's proposal is to develop a dedicated 40 unit ECH scheme comprising of 29 one bed units and 11 two bed units, with associated facilities to support independent living and encourage community involvement. In addition, it is NKDC's intention to deliver a residential development of 12 CSL units for WAA with learning disabilities, mental health and/or physical disabilities. Please see Appendix A for proposed site drawings.
- 2.11 Construction is planned to commence in summer 2022, for completion in spring 2024. Prior to construction, LCC will enter into a Nominations Agreement and Funding Agreement with NKDC for both the ECH units and WAA accommodation. LCC will purchase nomination rights for 40 units within the ECH scheme, and an additional 12 CSL units for WAA with learning disabilities, mental health and/or physical disabilities, for a period of 30 years, with first refusal and no void risk. The funding model for this is set out later in this report.

¹ See paragraph 11 of the preamble to the SGEI Decision (emphasis added): *"Accordingly, undertakings in charge of **social services**, including the provision of **social housing** for disadvantaged citizens or socially less advantaged groups, who due to **solvency constraints** are unable to obtain housing at market conditions, should also benefit from the exemption from notification provided for in this decision [...]. In order to benefit from the exemption from notification, **social services should be clearly identified services**, meeting social needs as regards **health and long-term care** [...] social housing and **the care and social inclusion of vulnerable groups**."* Services which help integrate people with long term health or disability problems are specifically recognised as SGEI in the Commission's Staff Working Document on SGEI dated 29.4.2013.

- 2.12 The project aims to reduce the long term costs of care provision, as cost avoidance, and provide choice for older people, in line with LCC strategy, the benefits of which are highlighted below. This will ensure people with care needs have alternative choice options to traditional residential care provision, whilst providing affordable options for local people to remain within their communities. The provision is not aiming to generate profitable income.
- 2.13 The remaining 0.81262 hectares will be sold to Lafford Homes at commercial value to provide market rental properties. Please see Appendix B showing the breakdown of the site.
- 2.14 Lafford Homes, NKDC's wholly owned property company, operates through its own board of directors, using existing building companies to fulfil its projects, and seeks to raise the bar as an exemplar landlord, in terms of rental standards across the board. Lafford Homes Ltd assists the Council in achieving its objectives arising from the Central Lincolnshire Local Plan 2016 to 2036 to improve the quality and supply of housing in the North Kesteven District.
- 2.15 LCC will dispose of the site to NKDC and Lafford Homes as indicated above at the same time to ensure no pockets of land remain which have no access. In the event Lafford Homes are unable to purchase the site for whatever reason, NKDC will purchase the remaining 0.81262 hectares of the site at commercial value for the development of social housing, ensuring this transaction is concurrent to that of the other part of the site. Heads of Terms will be agreed between both parties and LCC and approved according to the delegated authority requested. LCC has a duty to satisfy its best value obligations under section 123, Local Government Act 1972. The total Market Value of the site is valued at £1,125,000 within the Banks Long & Co Valuation Report (Appendix E). The Market Value has been adjusted, however, to reflect the NKDC ransom access land at the entrance to £900,000. The Market Value is net of the access road and the public open space areas. Subsequently, Banks Long & Co have recommended a sale price of £650,000 for the parcel of land LCC proposes to transfer to NKDC, and a sale price of £250,000 for the section of site which LCC proposes to sell to Lafford Homes. LCC had assumed it would transfer the 0.9625 hectares of the Hoplands site to NKDC for its market value of £650,000. However, NKDC will apply for Homes England funding to support the delivery of the scheme, and as such, Homes England requires grant applicants to take "all reasonable measures" to acquire land at nil or reduced consideration to minimise the amount of Homes England grant required.²

3. Benefits and Risks

- 3.1 LCC uses a continuum of five levels for risk appetite³ and corporately takes a 'Creative and Aware' approach, which is summarised as being: *'creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions; a 'no surprises' risk culture.'* This is deemed as a suitable risk appetite level for this project.

² Paragraph 81, shared Ownership and Affordable Homes Programme 2016-2021, Prospectus, 13 April 2016.

³ The 5 levels are: Averse, Cautious, Creative and Aware, Opportunist and Mature (Hungry).

3.2 The aim of ECH and CSL is to provide high quality housing, together with support and care services which enable and encourage people to live independently for as long as they wish to do so. The provision of ECH and CSL aims to avoid admission to hospital, which consequently expands the bed capacity within hospitals, increases the number of patients discharged from hospital, and decreases those who may have a need for residential care. Below is a list of the identified key benefits and risks of this project:

Benefits	Risks
<ul style="list-style-type: none"> • Additional housing contributing to the current and projected needs; • Reduction in the long term costs of care provision; • Strengthening the partnership with NKDC; • Increasing the availability of suitable housing with the most appropriate care provision; • Supporting residents within Lincolnshire to stay within their local communities as they grow older; • Multiple care needs can be managed on one site; • Decreased risk of service users going 'missing' with ability to monitor location; • Option available for one care provider managing the site care needs; • New energy efficient accommodation; • Opportunity for added social value through developing a workforce development plan; • Bringing a vacant site back into use, enhancing the local community; • Promote independence for residents and other service users; • Encourage active lifestyles and social contact for residents and other service users; • Offer a living and care environment which has a positive effect on people's health and well-being and prevents or reduces the need for health care interventions; • Offer choice and self-direction or co-production of services for residents; • Be flexible in its style of service delivery so that services respond well to people's changing needs; 	<ul style="list-style-type: none"> • Creating too much accommodation capacity compared to demand; • Not managing demand and nominations effectively; • Service users do not want to move to the site; • Older accommodation is no longer desirable following the development of a new scheme; • Accommodation design is not flexible enough for multiple needs; • NKDC is unable to obtain their board approval; • NKDC is unable to secure planning permission; • NKDC are unable to obtain sufficient funding to ensure the schemes viability; • Site design is not sufficiently flexible to facilitate one and/or multiple care providers; and • Negative reaction from the local community and issues surrounding planning permission.

Benefits	Risks
<ul style="list-style-type: none"> • Release of local housing for rent and sale to benefit families; • Moderating the burden of family members caring at home; • New facilities developed in the local area for wider community use; and • Couples can avoid being separated as they can live together in ECH accommodation, even if only one is in need of care. 	

3.3 Potential Economic Benefits

- Additional use of, and income to, local businesses e.g. leisure centre, cafes, bus service;
- Additional employment opportunities e.g. on-site management/concierge provision, care provision, building construction, and site maintenance;
- Greater use of community facilities, thus supporting their longevity (e.g. GP surgeries);
- Residents providing volunteering in the community, with time banks, fundraising and befriending;
- Facilitates downsizing to more suitable housing, thus freeing up larger homes for the choice-based letting and/or sales markets;
- Delays and reduces the need for primary care and social care interventions including admission to long term care settings and hospital admissions;
- Limiting the demand on Housing Benefit – not all residents in a scheme will be in receipt of housing benefit and this creates additional checks and balances due to self-paying residents monitoring and keeping a downward pressure on rents and service charges, helping ensure they only cover the full costs. Compared to other groups, the average Housing Benefit spend per annum is around £5,200 per older person unit compared to £9,000 per working-age unit;⁴
- People in ECH can potentially use less care hours than if in the community, for example, if meals are provided by the scheme, less care hours may be required in preparing food etc.;
- Additional efficiencies can be gained by delivering care to a number of people on one site, reducing travel and mileage costs associated with domiciliary care in the community, and giving increased flexibility in the delivery of that care; and
- Accommodation is economic to heat and is of an appropriate and manageable size.

⁴ Source – *The Value of Sheltered Housing report, Jan 2017, James Berrington – Commissioned by the National Housing Federation*; http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Value_of_Sheltered_Housing_Report.pdf

3.4 Potential Individual Benefits

- Support and maintain independence through the provision of accommodation options, enabling personal choice;
- Provide peace of mind, safety and security for vulnerable older people;
- Improved physical and mental health;
- Maintain and develop links with the community;
- Maximise incomes of older people (includes benefits income) and reduce fuel poverty;
- Environment is more likely to be free from hazards, safe from harm and promotes a sense of security, enabling movement around the home, including to visitors; and
- On-site support available.

3.5 Potential Scheme Specific Benefits

- Land already in the ownership of LCC;
- An attractive setting with good access to local amenities;
- Extensive communal facilities designed to be attractive, welcoming and flexible in their use;
- Excellent day-to-day services ensuring that the quality of the scheme environment and service offer will remain very high;
- Support and care services which can be targeted to those who need them and can flex with people's changing circumstances; and
- A genuinely affordable proposition with a focus on great value for money.

4 Market Sufficiency and Competition

- 4.1 The development and delivery of housing with care typically involves partnerships which include a mixture of local authorities, funding organisations, architects, construction companies, housing associations, private landlords and care providers. There is continuous work and analysis needed to fully understand Lincolnshire's market of those parties willing and able to deliver the county's housing with care needs, and in particular the scale of housing associations in this regard. Indications to date, through liaison with providers and other local authorities' experience, are that housing providers are looking to enter into the county. Lincolnshire has an issue regarding the low sale and rental value of property compared to other areas of the UK, which can affect the willingness of organisations to develop new property.

5 Delivery Model

- 5.1 District Councils with a Housing Revenue Account (HRA) are responsible for social housing stock and are able to rent domestic properties, and retain the revenue received, in order to plan and provide services to current and future tenants. District Councils are able to deliver their own projects without relying upon additional partners. This helps to inform which delivery option is more suitable.

- 5.2 In accordance with LCC's direction of travel and appetite for delivering ECH, the best delivery method has been sought to ensure LCC is legally in a safe position, to provide best value for money across the county and enrich the lives of as many people as possible. Throughout the last 12 months the programme board have been developing an understanding of delivery options that will facilitate partnering with District Councils and Housing Associations. Advice and support has been sought from Legal Services Lincolnshire and external legal advisers, Bevan Brittan. Information within this report relating to potential delivery options is based upon providing ECH, however, opportunities with this site enabled additional CSL units for WAA with learning disabilities, mental health and/or physical disabilities, and therefore, a consistent approach has been adopted for this element of the project.
- 5.3 The following options should be considered for successful and timely completion of this programme. In Option 3 care is not provided by NKDC:
- **Option 1:** Do nothing and allow the market to deliver the needs of the county, using LCC's market position statement and a delivery plan as their guide;
 - **Option 2:** Deliver identified projects via the districts, alongside Housing Associations and Registered Providers who have already formed a robust business case to prove requirement, purchasing nomination rights at an agreed level through a Funding Agreement; and
 - **Option 3:** Deliver identified projects via the districts, alongside Housing Associations and Registered Providers who have already formed a robust business case to prove requirement, purchasing nomination rights at an agreed level through Hamburg co-operation agreements.
- 5.4 From these options, a shortlist of two for partnering with district councils and housing associations has been identified: (1) a Funding Agreement; and (2) a 'Hamburg' Collaboration Co-operation agreement. Both options enable LCC to enter into agreement with partners.

A Funding Agreement

- 5.5 A Funding Agreement for nomination rights provides a simpler approach to partnering. The expectations from the partner and the commitment from LCC are far fewer. The partner sets up an allocation panel, a decision making body comprising a representative from:
- Housing Association (HA) or District Council;
 - Adult Social Care (Local Social worker);
 - Care provider; and
 - Health.
- 5.6 For the Hoplands scheme, LCC intend to deliver the scheme via NKDC who have already formed a robust business case to prove the requirement, purchasing nomination rights at and agreed level through a Nomination Agreement.

Hamburg Collaboration / Co-operation Agreement Model

- 5.7 Whilst considering the current proposal, the legal requirements of the Hamburg Collaboration co-operation agreement model were reviewed. The model requires LCC to evidence true collaboration with NKDC throughout the process, during the pre-procurement, procurement and eventual running of the schemes.
- 5.8 The programme team has considered LCC's ability to provide evidence of true collaboration, reviewed organisational processes for void management, and the appetite for financial risk of voids. The conclusion is that the Hamburg model is not the correct approach for the current proposal. However, the model is one that could be used moving forward with planning from the outset to ensure true collaboration, with the shared void responsibility as one of the strands of evidence of collaboration, although not necessary to the process.
- 5.9 In either case, typically a panel will meet on a regular basis to review all applicants registered for the scheme; along with a review of the composition care and support needs against the individual scheme target. This ensures a combination of people, carer, and place needs is considered when allocating accommodation. In addition to scheduled panel meetings, a virtual panel will be called where a unit becomes available to allow the empty home to be promptly returned to use.

6 Risks and Opportunities

6.1 A Funding Agreement

Risk/Opportunity	Benefit	Disbenefit
'Bare' nomination rights. Rights given to place on allocations panel for all of accommodation	Tried and tested with certain Housing Associations. Influence on all allocation panels, thereby giving LCC clients stronger chance of allocation.	Requires discipline through staff management, governance and processes.
Simple legal agreement	Deliverable and more achievable, involving less time/cost from Legal and operational teams.	
Longevity	Commitment with RP to keep accommodation in a desirable standard to retain clients.	
Procurement compliance	A simple Funding Agreement securing bare nomination rights is not covered by the procurement rules. No procurement challenge.	

6.2 'Hamburg' Co-operation Agreement

Risk/Opportunity	Benefit	Disbenefit
Pooled resourcing of delivery and operation of the scheme	More collaborative working with partners.	Financial cost and possible legal challenge for failure to work collaboratively.
Nomination rights available with specific number of places guaranteed	Guarantee of specific number of places as per legal agreement but no more.	Cost of void for period of time determined in legal agreement – potential cost to LCC revenue budget.
Complicated legal agreement with evidence required throughout lifetime of contract	Legally stronger as a guarantee of places.	Delivery more expensive by involving more time/cost from Legal teams. Long-term revenue cost for operational staff to ensure no voids.
Procurement compliance	Co-operation arrangements between Councils are exempt under Regulation 12 of the Public Contracts Regulations 2015. No procurement challenge.	
Longevity		Raised risk of voids once building becomes tired and better options are available in the market.

7 Recommendations

7.1 It is recommended LCC progress with the partnership with NKDC, whereby LCC contribute to the development of the Hoplands scheme in accordance with Option 2 (Funding Agreement) of the options set out within this report and as discussed in the Executive Report of 9 July 2019 in relation to the De Wint Court development, and in the Executive Report of 2 September 2020 in relation to the Linelands development.

7.2 The inherent financial benefits of the approach in Option 2 (Funding Agreement) are as follows:

- **No void costs:** In previous models of ECH the agreement has included risk agreements which provided the Housing Provider with assurance that vacant properties would be filled within the specified period, with units able to remain vacant for a limited period of time before additional cost become due. The use of Capital Reserves as a financial contribution to any proposed schemes can be done so on the basis that the contribution allows

LCC to place service users of their choosing within a pre-agreed proportion of units, over a pre-determined number of years without recourse to void costs; and

- **Diversions from Residential Placements:** The availability of additional ECH units directly funded via Capital Reserves allows for an additional number of services users who would otherwise be placed in residential establishments to be supported within an ECH environment.

7.3 By placing within ECH and CSL accommodation, LCC avoids expensive hotel costs which would otherwise be incurred, with costs funded via district housing benefit contributions instead. Care and support via LCC's existing prime provider framework is also likely to be cheaper than existing residential care and non-care provision.

8 The Financial Case

8.1 Funding for the scheme is sourced via Adult Care Capital Reserve which has been allowed to grow over a number of years as a result of grant funding awarded to LCC. The grants are specifically earmarked for use against capital investment within Adult Care with the current value of unused capital reserves totalling £7.900 million (accounting for De Wint Court and the Linelands commitment).

8.2 The financial feasibility of the project (cost versus savings) is based on LCC's bespoke Financial Feasibility Model (Appendix D). This model has been used to develop the financial models for a number of other LCC housing with care projects and considers a number of options, including number of tenants, level, and cost of care and savings through diversion of care.

8.3 LCC's data as at 31 March 2019 shows that LCC is funding the care provision of 6,536 people aged 65 and over in either a residential and nursing placement or within a homecare setting (including existing ECH). The total placed in nursing and residential care homes being 2,397 and 4,139 within a homecare setting. The gross annual cost to LCC for this care provision for these areas of service in 2018/19 was £100.157 million; with a net cost to the Council of £71.974 million.

8.4 The financial benefits of ECH are predicated on the basis that the costs of providing care within an ECH setting are materially lower than in traditional residential and nursing settings. The expected cost for older people currently ranges from £502 to £553 per week in 2019/20, with the average annual residential care cost estimate to be £27,566 per annum. Initial analysis suggests the gross cost of providing care within an ECH setting at 20 hours per week would be £309 per week, with an annual cost of £16,111. This represents a gross saving of £11,445 per annum or 41.5 per cent which reduces to £9,118 (33 per cent) once the impact of income loss is taken into consideration as the average placement income within a residential setting is higher than service user contributions derived from an ECH setting.

8.5 It is important to note the following:

- LCC would lose a portion of property related income, linked to service users residential care whereby LCC receives income related to the user's house when it is sold (including interest on the amount owed);
- It is very unlikely that all service users accessing residential care would be willing and able to move to housing with care;
- The savings will be focused more on new service users rather than those residents already in residential care, though the possibility remains that some people in residential settings may prefer to consider ECH;
- Placements within an ECH setting are predicated on 33 per cent being those diverted from a residential setting with the remainder placed via alternative community settings. This assumes that placements are split equally amongst those classified as Low, Medium or High dependency and existing care arrangements continue to be provided via the prime-provider home care contracts (for those categorised as Low, Medium and High). The majority of the saving will be via diversions away from residential;
- Initial findings suggest that a £2.56 million investment (£1.6 million towards ECH scheme and £960,000 towards the CSL units for WAA) that allows LCC nomination rights on 40 properties supporting 40 individuals could generate an annual saving of £127,060 per annum based on 2019/20 prices; and
- On this basis and assuming a rate of inflation totalling 2 per cent for the duration of the scheme, it is estimated that the total savings will equal the total value invested (i.e. the breakeven point) after 18 years. However, this does not take into account the time value of the initial investment which will reduce over the same the period (i.e. the value of £1 in 2019/20 will be less in future years). An analysis of future savings growth is also included within the financial feasibility model along with data from the Housing Learning and Improvement Network (LIN).

9 Timescales

Below is a summarised and early estimation of a potential timetable. Throughout the Covid-19 pandemic the Adults and Community Wellbeing Scrutiny Committee and Executive will meet virtually.

Activity/Milestone	Estimated Start Date	Estimated End Date
Adults and Community Wellbeing Scrutiny Committee	13 January 2021	1 February 2021
Executive	14 January 2021	2 February 2021
Agree and finalise legal documentation	December 2020	December 2021
Commence Development	Summer 2022	Spring 2024

10 Legal Issues

Equality Act 2010

10.1 Under section 149 of the Equality Act 2010, LCC must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

10.2 The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation. Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

10.3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding. Compliance with the duties in section 149 may involve treating some persons more favourably than others.

10.4 The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

An initial Equality Impact Analysis is attached at Appendix E. This will be kept under review. NKDC is itself subject to the Equality Act duty and LCC will use its influence to ensure equality issues are taken into account in relation to both the housing and care elements of the project as it progresses.

It is fair to say that the key purpose of the service is essential to enabling all those individuals who require community care services to live more independent and healthier lives. In that sense, ensuring adequate provision of suitable ECH and associated care helps to advance equality of opportunity. The ability of the providers of housing and care to provide services which advance equality of opportunity will be considered in the associated procurement and providers will be obliged to comply with the Equality Act.

The service will not affect those with protected characteristics (age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation) differentially. The nature of the service makes it more likely that adults with additional vulnerabilities or increased risk of adverse outcomes will benefit most.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

10.5 LCC must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

The JSNA for Lincolnshire is an overarching needs assessment. A wide range of data and information was reviewed to identify key issues for the population to be used in planning, commissioning and providing programmes and services to meet identified needs. This assessment underpins the JHWS 2013-18 which has the following themes:

- Promoting healthier lifestyles;
- Improving the health and wellbeing of older people;
- Delivering high quality systematic care for major causes of ill health and disability;
- Improving health and social outcomes and reducing inequalities for children; and;
- Tackling the social determinants of health.

Under the strategic theme of improving the health and wellbeing of older people in Lincolnshire, there are two particularly relevant priorities:

- Spend a greater proportion of our money on helping older people to stay safe and well at home; and
- Develop a network of services to help older people lead a more healthy and active life and cope with frailty.

The provision of ECH and CSL units will contribute directly to these priorities. It also supports the themes selected as priorities in the forthcoming refreshed JHWS; namely housing, carers, mental health, plus the cross cutting theme of safeguarding.

Crime and Disorder

- 10.6 Under section 17 of the Crime and Disorder Act 1998, LCC must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

In commissioning housing and care provision that is designed to provide a supportive and safe environment that enables potentially vulnerable customers to maintain their independence for longer, the provision of ECH and CSL for WAA with learning disabilities, mental health and/or physical disabilities may be said to contribute indirectly to the achievement of obligations under section 17.

11 Conclusion

LCC and NKDC's partnership will enable LCC to increase the provision of ECH and CSL for WAA with learning disabilities, mental health and/or physical disabilities in the county, to assist in offsetting medium and long term revenue cost increases, and facilitate Lincolnshire residents to live independently for as long as possible within their local communities; subsequently improving the wellbeing and quality of life for Lincolnshire people. The Hoplands scheme will deliver the initial need identified in the Housing LIN Report 2018.

12 Legal Comments:

The Council has the power to enter into the arrangement proposed. The detailed legal implications in relation to disposal of land and state aid are set out in the Report.

The decision is consistent with the Policy Framework and within the remit of the Executive.

13 Resource Comments:

Funding of £2.56 million for the development of the Hoplands exists in the form of previously received capital grants which form part of the Adult Care Capital Programme. LCC's contribution must fall within the processes for Capital expenditure.

14 Consultation

a) Has Local Member Been Consulted?

No

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

On 13 January 2021, the Adults and Community Wellbeing Scrutiny Committee considered this report and unanimously agreed to support the recommendations to the Executive.

In addition to supporting the recommendations and strongly welcoming the planned development at Hoplands, the Committee would like to see similar developments progressed in the future, together with this policy commitment continuing into the new County Council term. The benefits of maximising independence for people in their local communities, both in extra care housing and in accommodation for working age adults, cannot be emphasised enough.

d) Have Risks and Impact Analysis been carried out?

An initial Equality Impact Assessment has been completed and there has been internal and external consultation. Internally, Council staff have been sent a link to the survey and a report will be formed from the results of this survey. Externally, the People's Partnership has been consulted, and they will work with groups such as Age Concern and Just Lincolnshire. Additionally, NKDC have a survey on their website and Twitter feed as part of the Housing LIN Phase 2 work, and will share this with LCC as part of our consultation. These sources of information will inform future versions of the EIA as the matter progresses.

e) Risks and Impact Analysis

See the body of the Report

15 Appendices

These are listed below and attached at the back of the report	
Appendix A	<p>The Hoplands Site Drawings:</p> <p>A1 Existing Site Plan (Drawing PM75-01)</p> <p>A2 Proposed Site Plan (Drawing PM75-03 – Revision G)</p> <p>A3 Extra Care Building - Ground Floor Plan (Drawing PM75-04)</p> <p>A4 Extra Care Building - First Floor Plan (Drawing PM75-05)</p> <p>A5 Extra Care Building - Second Floor Plan (Drawing PM75-06)</p> <p>A6 Working Age Adults Accommodation – Ground Floor Plans (Drawing PM75-07)</p> <p>A7 Working Age Adults Accommodation – Second Floor Plans (Drawing PM75-08)</p>
Appendix B	The Hoplands Site Plan (Drawing PM75-03 – Revision F)
Appendix C	Housing LIN ECH Financial Model Cost Benefits Example
Appendix D	Extra Care Feasibility Tool – The Hoplands December 2020
Appendix E	Banks Long & Co Independent Hoplands Valuation Report
Appendix F	The Hoplands ECH and CSL Initial Equality Impact Assessment form

16 Background Papers

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Background Paper	Where it can be viewed
Report to Executive on 9 July 2019 in relation to De Wint Court project in partnership with City of Lincoln Council.	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=5284&Ver=4
Report to Executive on 2 September 2020 in relation to the Linelands project in partnership with Lace Housing Ltd.	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=5521&Ver=4

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