

<b>Cabinet Member for Finance</b>	<b>Ref No:</b> FIN16 19/20
<b>January 2020</b>	<b>Key Decision:</b> <b>Yes</b>
<b>Development of an Extra Care Housing scheme in East Grinstead</b>	<b>Part I</b>
<b>Report by Executive Director Adults and Health</b>	<b>Electoral Divisions:</b> East Grinstead South and Ashurst Wood
<p><b>Summary</b></p> <p>Enabling residents to remain independent in later life is one of the key objectives of the West Sussex Plan. To this end, the Council has indicated a willingness to invest in social care infrastructure projects which help to make this possible.</p> <p>Extra care housing is an effective means of enabling people with care needs to remain independent, living in purpose-built homes within a residential setting with some communal amenities and an on-site care service. The proposal being put forward is to support the development of new extra care housing scheme comprising 48 flats on the site of a former supported housing scheme in East Grinstead.</p> <p>The site is owned by Eldon Housing Association which has obtained planning permission and secured £2.88m of grant funding from Homes England, however additional funding from WSCC will also be required if the scheme is to proceed.</p> <p>The Cabinet Member for Finance in consultation with the Cabinet Member for Adults and Health is asked to approve the provision of £0.96m from the Council's Capital Programme to Eldon Housing Association to support the development of this scheme.</p>	
<p><b>West Sussex Plan: Policy Impact and Context</b></p> <p>The proposal supports the County Council's objective to support independence in later life and will deliver long term savings through cost avoidance in the wider health and social care economy.</p>	
<p><b>Financial Impact</b></p> <p>The proposal involves providing a capital contribution of £0.96m, to be funded £0.339m from the Social Care Capital Grant and £0.621m from the Capital Improvements Programme which is in the Capital Programme 2019/20 – 2023/24 approved by Full Council in February 2019. The scheme is forecast to deliver savings of approximately £0.24m p.a. which, allowing for the cost of corporate borrowing, would result in a payback within three years. Those savings will contribute towards the demand management absorption targets which are part of the County Council's medium term financial planning.</p>	

## **Recommendation**

The Cabinet Member for Finance, in consultation with the Cabinet Member for Adults and Health, is requested to approve a capital contribution of £0.96m to Eldon Housing Association to provide a scheme comprising of 48 units of extra care housing at the Lingfield Lodge site in East Grinstead.

## **PROPOSAL**

### **1. Background and Context**

- 1.1 Supporting people to increase their independence in later life is one of the key priorities of the West Sussex Plan. Extra care housing can make an important contribution to this. Successful extra care housing schemes provide an attractive and affordable alternative for residents with care needs who have the benefit of living in their own home within a purpose built setting where 24/7 care and support is available. The efficiency and effectiveness of the model helps to reduce pressure on the NHS and the social care system, yielding long term cost savings to WSCC and the NHS.
- 1.2 The County Council has expressed an aspiration for extra care housing to become the default service offer for adults of all ages with care needs who require a residential service. It is suggested that an ambitious but potentially achievable target could be to double the size of the existing sector adding an 500 additional units by 2026.
- 1.3 To this end the County Council is encouraging providers to bring forward opportunities where new schemes can be developed and seeking investment from Homes England and other partners to make this possible.

### **2. Proposal Details**

- 2.1 The site for this proposed scheme in East Grinstead is owned by Eldon Housing Association and has planning permission for a 48 unit scheme of purpose built flats for extra care residents. Eldon is a registered housing provider which owns supported and general needs housing within West Sussex and several London boroughs. As a registered provider Eldon's operations are subject to oversight by the Regulator of Social Housing and Homes England, which provides public funding for affordable housing.
- 2.2 All 48 flats would be provided for affordable rent with lettings subject to a nominations agreement with the County Council which would prioritise allocations to residents with housing and care needs. There is a well evidenced need for extra care in this area, not least because several older peoples housing schemes in East Grinstead have closed in the last five years.
- 2.3 The scheme has been approved by Homes England which has awarded funding of £2.88 million on the expectation that grant funding from the County Council will also be forthcoming.

- 2.4 Eldon is seeking £0.96m from the County Council, this represents the deficit between: the total scheme cost and the amount the association is able to borrow against the long term revenue stream which the scheme will create, less the Homes England grant mentioned at 2.3.
- 2.5 The scheme is now ready to progress and should be completed by November 2020.

### **3. Consultation**

- 3.1 Mid Sussex District Council is supportive of this scheme and relevant housing officers have been involved in the development of the scheme over several years. The Cabinet Member for Adults and Health is supportive of the proposal.

### **4. Financial (revenue and capital) and Resource Implications**

- a. *Revenue consequences of proposal.* The economic rationale for the scheme is based upon value for money. There is ample evidence both within West Sussex and nationally that extra care housing schemes can reduce costs to the health and social care economy.
- b. From the specific point of view of Adults Social Care cost savings are generated by:
- Lower unit costs of care than domiciliary care in the community
  - A reduction in the volume of care which residents require because of the enabling nature of extra care
  - Avoidance of the need for placements in residential care.
- c. A cost modelling tool has been developed specifically for this scheme which compares the cost of care and support in extra care with the likely alternatives that would be required e.g. domiciliary care in the community or residential placements. This model is sensitive to the range and volume of care being delivered, but to provide a realistic forecast an assumption has been made that the range of residents needs would be similar to that which currently exists in recently built schemes. This shows that the forecast average saving per unit would be £5,100 p.a. This figure represents the average difference between the cost of placing residents in extra care as opposed to the other options that would be required.
- d. If realised this average saving per unit would translate to a total annual saving of  $5,100 \times 48 = £244,000$  per annum, once the scheme has reached full occupancy. Based on completion in November 2020, part year savings will begin to arise in 2020/21 and in full from 2021/22. They will contribute towards the demand management absorption targets which are being assumed in the County Council's Medium Term Financial Strategy from Adult Social Care.

e. *Capital consequences*

	<b>Year 1 2019/20 £m</b>	<b>Year 2 2020/21 £m</b>	<b>Future Years £m</b>	<b>Total £m</b>
<b>Capital Improvement Programme Budget</b>				
Capital Budget	0.512	5.560	7.789	13.861
Change From Proposal	-0.381	-0.240	0.000	-0.621
Remaining Budget	0.131	5.320	7.789	13.240
<b>Extra Care Housing Scheme Budget</b>				
Capital Budget	0.000	0.000	0.000	0.000
Funding From Capital Improvement Programme	0.381	0.240	0.000	0.621
Funding From Social Care Capital Grant	0.339	0.000	0.000	0.339
Total Change to Budget From Proposal	0.720	0.240	0.000	0.960
Remaining Budget	0.720	0.240	0.000	0.960

- 4.6 The total scheme cost is £10.413m and is being funded £2.880m by Homes England, £6.573m by Eldon Housing Association and the proposed £0.960m from WSCC to Eldon Housing Association in support of this scheme. The WSCC contribution shall be limited to no more than the £0.960m recommended in this decision report. The scheme costs and funding streams have been reviewed by Finance and are considered to be robust.
- 4.7 The grant to Eldon would be provided in two tranches; 75% on start on site and 25% on completion. This mirrors the approach used by Homes England and is subject to its process of verification.
- 4.8 Social Care capital grant of £0.339m is available to contribute towards this scheme, with the remainder coming from the Capital Improvement Programme in the Capital Programme 2019/20 – 2023/24 approved by Full Council in February 2019. Given the annual savings forecast described in 4.3 and 4.4, it is envisaged that the scheme would 'pay back' within three years, net of financing costs.

4.9 Human Resources, IT and Assets Impact. None.

## **5 Legal Implications**

5.1 Before providing the grant to Eldon the County Council would enter into a grant agreement which would safeguard the long term use of the site for affordable housing in the event of either the failure of Eldon or the transfer of the site to an alternative provider.

5.2. The grant agreement would include provisions requiring the grant to be repaid to the County Council in various circumstances. These would include where the recipient were to become insolvent, or if the project was not completed in the manner anticipated by the County Council. The obligation to repay the grant would be secured against the property by way of a legal charge. The grant agreement and legal charge would both prevent the property from being transferred to a third party without consent from West Sussex County Council. West Sussex County Council can then ensure that any future owner of the property remains bound by the same obligation. The legal charge would be secured against the property for a period of 3-5 years to cover the period that West Sussex County Council would receive a payback in relation to the cost savings of the scheme.

5.3 West Sussex County Council would enter into a nominations agreement with the recipient requiring 100% of the nominations of residents to the facility. The nominations agreement is likely to last for a period of 80 years, or less, if the scheme or property becomes no longer viable. The nominations agreement would be attached to the property by way of a deed of covenant, requiring any future owner of the property to be bound by its terms. West Sussex County Council would also enter a restriction on the Land Registry title to the property preventing the recipient from transferring the property to a third party without West Sussex County Council confirming that any future owner has given a direct covenant to the Council to comply with the terms of the nominations agreement.

## **6. Risk Assessment Implications and Mitigations**

6.1 There are two broad areas of risk. The first relates to the long term future of the site and the County Council's investment in the development. The Council's due diligence work on Eldon Housing Association found it to be sound financially and the £0.96m contribution to be comfortably within the recommended limit. As a housing association, Eldon's long term future will very largely be managed and mitigated by the regulatory framework within which it operates and the s106 Planning Agreement which relates to the site concerned.

6.2 The second area of risk relates to the performance of the scheme and the extent to which it generates the cost savings being forecast. Managing this risk requires a proactive approach to identifying and nominating potential residents who will benefit from the scheme, particularly in the months leading up to the scheme opening in the Autumn of 2020. The success of

this will depend on a concerted effort to make sure these nominations are well used.

**7. Other Options Considered**

Not applicable

**8. Equality and Human Rights Assessment**

8.1 The scheme is designed to meet the needs of adults with care needs and to provide high quality, purpose provided accommodation in which residents can remain independent. All residents are expected to have care needs reflecting either age related conditions or other disabilities. These are both protected characteristics within the meaning of the Equality Act.

**9. Social Value and Sustainability Assessment**

9.1 The scheme will generate social value by enabling vulnerable people with care needs to live more independently. It will also avoid the separation of couples which can happen when one partner requires a residential placement.

**10. Crime and Disorder Reduction Assessment**

10.1 None

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**Appendices/Background Papers - - None**