

Wiltshire Council

Cabinet

25 January 2011

Subject: Older People Accommodation Development Strategy

Cabinet member: John Thomson –Adult Care, Communities and Libraries and Deputy Leader

Key Decision: Yes

Executive Summary

This report requests approval of the Older People Accommodation Development Strategy which details indicative proposals that will enable the Council to deliver a single integrated older peoples accommodation system in Wiltshire working in partnership with the public, private and third (voluntary) sectors.

The proposals will enable the development of some 715 units of new, mixed tenure extra care housing to meet identified needs in 16 communities. It also proposes a review of the existing sheltered housing stock throughout the County to ensure it is meeting current and future needs and proposes measures to manage and influence the care home economy and market to ensure that private sector initiatives contribute to achieving the Council's desired outcomes for older people in the County.

The development of the new extra care housing and investment into preventative services will offset the demographic forecasts of the increase in demand and reduce the need for residential care placements. It will also ensure that there is an adequate supply of fit for purpose older people's housing for the foreseeable future.

Additionally, specialist dementia care facilities and nursing homes are proposed which will deliver appropriate accommodation environments providing excellent quality care for people with high level needs.

The strategy sets out, for practical reasons, two "development timelines" both of which deliver the same outcomes but with different phasing, this is due to the uncertainty surrounding the continuation of the Department of Health Private Finance Initiative. The strategy sets out developments which can be delivered in the initial 5 years of the period with some certainty and then indicates the further developments that will be delivered over the following years of the programme. The strategy also proposes a mechanism to generate investment through surplus land and sets out an approach to procuring preferred development partners with Devon County Council.

The report also proposes how the development programme should be managed in terms of stakeholder consultation, risk and financial implications.

Proposals

That Cabinet:

- a. Approve the Older People Accommodation Development Strategy attached at **Appendix One**.
- b. Authorise the procurement of a Preferred Development Partner Framework, the term of the framework to be 10 years, in conjunction with Devon County Council, including the principle of the assembly of parcel(s) of land for disposal. An additional report will be presented to Cabinet once the tender exercise has been conducted.
- c. Approve the principle of the closure of existing facilities and the associated re-housing of residents into alternative facilities. Displaced residents will be able to move back to redeveloped facilities on the original site where they lived if there is a new facility in place that can provide for their care needs at that time
- d. Approve the Communications Strategy attached at **Appendix Two** which sets out a methodology for a comprehensive stakeholder consultation and engagement process with all of the residents, families, carers, support workers, staff and partner organisations involved. The Strategy includes consultation with the Area Boards.
- e. Authorise the production of a Development Strategy Project Plan and a detailed level Risk Management plan, to be reported to the Capital Assets Committee on a bi-annual basis, and the undertaking of a detailed Human Rights and Equalities Impact assessments of the proposals.
- f. Acknowledge the financial implications associated with the older people accommodation development strategy and request that a further report is presented to Cabinet with further detail once the OSJCT contract renegotiations have progressed.
- g. Acknowledge that the implementation of this strategy would require a proportion of Wiltshire's Social Housing Grant allocation to support the development of extra care accommodation, but that the total indicative requirement of £44m may be reduced as a result of the joint development framework tendering exercise.
- h. Note the requirement for an ongoing revenue budget to fund the development and implementation of the strategy of £200,000 per annum, which will be considered as part of the departmental budget proposals for 2011/2012.

Reasons for Proposal

The case for a structured and decisive intervention in Wiltshire's older people's housing system is beyond doubt. As the demographic changes outlined begin to occur and the current, in some cases outdated and

expensive to operate facilities require more and more investment, innovative responses are needed which give the opportunity for people's needs to be met in ways that meet the standards that we expect in the 21st century. People have a right to live in modern, affordable, fit for purpose homes where changing needs can be met from within their own communities.

Continued investment into existing facilities which are not fit for purpose and cannot be made fit for purpose is an ineffective use of increasingly scarce resources both in terms of capital and revenue funding. The new facilities that are proposed through this strategy will be "state of the art", efficient and cost effective to run and manage over their whole lifecycle, but more importantly, will be responding to local needs in local communities. These facilities will be available to people who are able to fund their own care and those that are funded by the Council. Furthermore, these new "state of the art" facilities will be attractive to current home owners to provide a real alternative to existing family accommodation.

Based on the demographic projections referred to above, and on continuing the current patterns of providing care, the Council is forecast to spend approximately £3.3bn over the next 25 years which is an unsustainable and unmanageable resource demand. The development of new ways of delivering services through new facilities will result in reduced expenditure over the current forecast and further detailed financial forecasts of the revenue implications have been modelled. This depicts that by undertaking the proposed development plan and service remodelling, the Council would realise a cost avoidance of approximately £600m over the next 25 years. This cost avoidance will help to offset the challenges of the forecast demographic change around older people and is achieved through a diversion of people from residential care to community support or specialist nursing or dementia care, which achieves an on average saving per person of £44 per week.

Sue Redmond
Corporate Director, Community Services

Wiltshire Council

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Key Decision: Yes

Purpose of Report

1. The purpose of the report is to seek in principle approval of the Older People Accommodation Development Strategy.
2. To seek authorisation to undertake the procurement of a preferred development partner framework in conjunction with Devon County Council, this includes the principle of the assembly of the parcel(s) of land for disposal as surplus land and to sell at below market valuation if necessary, in order to facilitate new developments at the appropriate time.
3. To seek in principle approval to close the identified existing facilities and the associated re-housing of residents into alternative facilities.
4. To seek agreement to undertake a comprehensive stakeholder consultation and engagement process with all of the residents, families, carers, support workers, staff and partner organisations involved, including Area Boards.
5. To acknowledge the financial implications associated with the older people accommodation development strategy and request that a further report is presented to Cabinet with further detail once the OSJCT contract renegotiations have progressed.

Background

6. Wiltshire County Council transferred the operational of its 18 residential care homes to the Orders of St John Care Trust (OSJCT) in 1999 and 2000. The Council retained ownership of the buildings but awarded OSJCT a 25 year lease on all of the properties until September 2025. A renegotiated service contract in 2005 recognised that in order to continue to deliver the same or improved level of service and standard of care in the longer term, that some homes would require significant refurbishment or redevelopment during the contract term.

7. In 2007-08, Wiltshire Council commissioned Peter Fletcher Associates, an external consultancy firm, to produce an Accommodation Strategy for Older People. This report included a demographic analysis over the next 20 years, an assessment of the current suitability and level of supply of older people's accommodation within Wiltshire, a forecast of future requirements for older people's accommodation and made recommendations on how these requirements could be met.
8. The Accommodation Strategy for Older People indicated that in 2007-08 there were 78,690 people that were aged 65 or over within Wiltshire. This equated to approximately 17.4% of the total population. By 2026, the number of people aged 65 or over was projected to rise to 122,610 based on 2007-08 data, which would be an increase of 55.7%. The 85+ age category was projected to see the highest increase during this time of 89.4%, which is significantly higher than the 65-74 age range (44.8%) or the 75-84 age group (58.6%). Furthermore, the Accommodation Strategy for Older People identified that Wiltshire can expect to see 59% more cases of dementia by 2025, which is higher than the growth in England as a whole. However, the most recent population projections indicate that the older population will increase at a higher rate than originally anticipated. These projections indicate that the over 65 population will increase by 26% higher than the anticipated growth rate within the Accommodation Strategy for Older People.
9. Although there is a significant growth within the 65+ population, the report concluded that provided that resources were allocated to preventative services and there was a significant increase in extra care housing (at least 900 additional units by 2016, which as a result of the higher than anticipated increase in population would increase to 1,136 units), the need for residential care placements would reduce. However, there would be an increased need for specialist and nursing care placements, particularly for dementia, and the quality of care home provision would need to be improved.
10. The report identified that the required developments could be resourced through a variety of sources including the Council, key partner organisations, PFI schemes and central government Social Housing Grant (SHG) bids. Furthermore, it was considered important that the Council continued to ensure that the care home economy and market was sufficiently managed.

Main Considerations for the Council

11. There is an unprecedented opportunity for Wiltshire Council to undertake a programme to modernise the way that older people's accommodation is provided, to develop and adopt an integrated accommodation system and to ensure best use of increasingly scarce resources.
12. The Older People's Accommodation Development Strategy sets out the route map to delivery. It is deliberately dynamic in nature and very likely to change due to the length of this proposed development strategy. It will

also need to be able to adapt to changing market conditions and revised government policies. A copy of the strategy is at **Appendix One**.

13. The strategy references two timelines which have been based on current perceived deliverability and prioritisation of issues to be addressed. Option 1 is based on the assumption that the Department of Health (DH) PFI project proceeds, which should be known at the end of January 2011 following a review of all live schemes by the Department of Health as a result of Comprehensive Spending Review. For pragmatic reasons, Option 2 is based on the scenario that the PFI project does not proceed.
14. Although the projects to be delivered in both Options are the same, the phasing is different. This is due to the facilities that in Option 2 would not be delivered through the PFI scheme and will need to be funded and delivered through alternative methods which affect deliverability. Although some facilities may therefore be delayed, there are other, not fit-for-purpose or outdated facilities which could be replaced earlier.
15. The table below indicates the facilities to be provided in each of the community areas as a result of this strategy.

Community Area	Description of Facilities
Amesbury	40 unit extra care scheme to meet nursing needs
Bradford on Avon	80 bed nursing home
	18 unit extra care scheme
Calne	60 unit extra care scheme
Chippenham	64 bed care home for people with dementia
	60 unit extra care scheme
Corsham	80 bed nursing home
	40 unit extra care scheme
Devizes	80 bed nursing home for people with dementia
	45 unit extra care scheme
Malmesbury	50 unit extra care scheme
Marlborough	16 bed nursing extension for people with dementia
	45 unit extra care scheme
Melksham	45 unit extra care scheme
	60 bed nursing home (Semington)
	12 unit extra care scheme (Semington)
Mere	45 unit extra care scheme to meet nursing needs

Community Area	Description of Facilities
Salisbury	80 bed nursing home
	64 bed care home for people with dementia
	50 unit extra care scheme
	80 bed nursing home
Tidworth	40 unit extra care scheme to meet nursing needs
Tisbury	Virtual / community extra care scheme
Trowbridge	66 bed care home for people with dementia
	40 unit extra care scheme
Warminster	80 bed nursing home
Westbury	40 unit extra care scheme
Wootton Bassett & Cricklade	64 bed care home for people with dementia
	63 bed nursing home
	45 unit extra care scheme
	40 unit extra care scheme (Cricklade)

16. The delivery of these new developments would enable the existing not fit-for-purpose or outdated facilities to be replaced, whereby the current residents would be relocated to the new schemes and the existing homes closed.

Developments with the Orders of St John Care Trust

17. In 2005, the council entered into a long-term contract with OSJCT for 20 years to enable the lease and the service contract to become co-terminus. This contract recognised the need for developments and / or significant refurbishments to occur during the contract term due to the ageing nature of the facilities.
18. The agreement stipulates that the Council has guaranteed the purchase of a set number of bed placements within the OSJCT facilities for the contract duration although there is a break clause provision in the contract which can be invoked in 2015.
19. The proposals within the strategy however fundamentally change the nature of service provision and accommodation to be provided by OSJCT and other providers. Therefore the contract will require renegotiation, the outcome of which should be beneficial to both parties. OSJCT are aware of the potential impacts of the strategy on their business and wide ranging discussions, including the potential impact of not reaching an agreement, are ongoing.

Department of Health Private Finance Initiative

20. Wiltshire Council has been provisionally allocated £49.687m through the Department of Health Social Care Private Finance Initiative following the unique bid to tackle social exclusion across boundaries by providing innovative community services for some of our most vulnerable and excluded people. The proposed facilities will ensure older people and mental health service users have new opportunities to actively participate in their families, workplaces and communities. The accommodation to be provided is integral elements of this strategy and includes facilities in Salisbury, Wootton Bassett and Devizes.
21. There is also the possibility of developing an extra care facility for people with dementia in South Wiltshire, where units may be jointly commissioned with either Somerset or Dorset County Councils. This would increase the Councils PFI credit requirement to £62.394m but it should be noted that this element is considered most at risk due to the current review following the comprehensive spending review.
22. Wiltshire Council is currently preparing its Outline Business Case for this initiative, which it hopes to submit to the Department of Health by 30th September 2011. This would enable work to commence on site in September 2014, following a competitive tender process, with all facilities being completed by September 2017. However, due to the current review being undertaken by the Department of Health, Councils are being urged to limit external expenditure until the outcome is known, which may delay the timescales indicated above by approximately 3 months.

Preferred Developer Partner Framework

23. A number of sites are identified in the strategy as being appropriate for the development of extra care accommodation to respond to the growing need. These sites are located in Corsham, Devizes, Malmesbury, Mere, Salisbury and Westbury. A number of other sites will become vacant as a result of the development strategy. Currently, these sites are in Amesbury, Calne, Devizes, Ludgershall, Melksham, Purton and Salisbury.
24. The Council is proposing to offer such sites through a Preferred Developer Partner Framework currently being procured in conjunction with Devon County Council. The successful Partner(s) will be offered the opportunity to bid against a package of all or some of the land packages, with the requirement that new extra care facilities are built on defined parcels of land with the remainder available for the Partner to develop as they wish (subject to planning and other consents). The extra care facilities will be developed on a mixed tenure basis without (or with minimal) grant funding / public subsidy. The development of the Extra Care facilities may require cross subsidisation from profit generated by the development of the other land for alternative uses as well as the private sale extra care units themselves. In order to generate a genuine competition in the tender

exercise and give sufficient time for the process for planning and consent on the various parcels of land to complete, it will be necessary for the term of the framework to be longer than is usually the case. It is proposed that the framework be of a term of ten years due to the nature of the development programme (see paragraph 71).

25. A covenant would be attached to the land ensuring that the Partner would have to put in place arrangements to ensure the operation of the facilities as extra care establishments for a minimum term of 60 years. It may be the case that proposals are forthcoming that include the development of the new extra care facilities and the provision of the care and support services for the term. This would mean that those services would not be procured through the Council's usual framework of providers but would still be subject to a similar evaluation process with respect to service quality and value. A suitable form of words has been inserted into the service specification for the forthcoming care and support procurement exercise to reflect this.
26. Appropriate building standards i.e. Code Level 4 of Sustainable Homes and Lifetimes Homes standards, and sustainability considerations would also have to be obtained and a further covenant would stipulate a development timeframe to establish certainty of delivery.
27. If required, in order to enable the cross subsidy model to work, the Council could, at the appropriate time, declare the land parcels surplus and, if necessary, dispose of the land for less than market value or a nominal sum in order to provide the "subsidy" to facilitate the development of the extra care units. These sites are currently utilised by DCS for the provision of care facilities and reports will be submitted to the Capital Assets Board on a bi-annual basis. It is acknowledged that dependent upon the value of the sites, approval from the Secretary of State may be required to be obtained.
28. The tender process will however require proposals to maximise value to the Council in return for the land deal and provides a genuine opportunity for forward thinking partners to come forward with innovative solutions that maximise value and outcomes for the Council with respect to this development strategy. Some of those options may include joint ventures, long term revenue returns to the Council or commitments to reinvest development profits into future schemes.
29. It should be noted however that proposals may also require some further Council led subsidy such as HCA SHG funding and whilst the availability of SHG within Wiltshire is limited, if it can be used in a way that enhances the overall development programme, perhaps enabling longer term investment partnerships, this should be a matter for further deliberation. Discussions are ongoing and actively being progressed around the opportunity to secure other sources of funding such as S106 planning contributions.

Sheltered Housing

30. The stock of sheltered housing in Wiltshire, (both Council and partners), is an important element of the older people's housing system. It is recognised however that some of the stock is not in the right location or does not provide the accommodation type that is in most demand, and is consequently difficult to let.
31. The contribution that sheltered housing has made in the past to the older peoples accommodation system is significant, however, people's needs and aspirations have changed over time, the way that services and support are provided have changed but in general, the accommodation has not changed, it may not be "fit for purpose" and is therefore not contributing to the system as it should. A key element of the development strategy is therefore ensuring that the stock is fit for purpose, meeting current and projected needs and expectations.
32. There is therefore a need for a further review of the existing Sheltered Housing Stock throughout the County to understand more fully its role in the new accommodation system. This will also include how to make best use of facilities to meet the needs of vulnerable people supported by Adult Social Care and the overall Council's desire to meet its financial efficiency programme. This review is underway and will be undertaken on a phased basis in conjunction with our partner Registered Social Landlords (RSLs) who own and operate the sheltered housing stock in the East, North and West of the county.
33. The review methodology developed by Housing and Adult Care explores the options that are available for the existing sheltered housing stock within the County. The review will be carried out in two stages. Stage 1 will be a Scheme Viability Assessment Model and Stage 2, an Options Appraisal of any schemes being considered as "not viable".
34. The options appraisal will include:

Retain the existing accommodation:

- Do nothing – continue as currently operated
- Refurbish to meet minimum standards
- Refurbish to improve internal layout and standards of accommodation with improvements to communal facilities, environment, bedsits to 1/2 bedroom units etc
- Refurbish to alternative use such as Virtual Extra Care/Extra Care

Redevelop sites (demolition and new build) for residential uses:

- Social housing
- Private Housing for sale
- Mixed tenure use of social and private

Non housing/residential uses

Mixed use development

The options appraisal will also include an analysis of deliverability taking into account capital and revenue funding options and lifetime costs as well planning and other issues.

35. The schemes will then be scored against each option, again weighted if appropriate, which will result in a combined rating against viability and options (redevelopment/future use etc) which in turn will result in a clear evidence base for prioritisation of intervention/investment.
36. One of the initiatives which existing sheltered housing may be suitable for is Community Extra Care (CEC), which is sometimes known as virtual extra care. CEC means that people in communities around an extra care scheme can benefit from some of the provision whilst living in the wider community through in-reach and out-reach services. These can include personal care, housing support, meals provision, social and leisure activities and clinical appointments and is often underpinned by the use of Telecare technologies.
37. The review and potential remodelling of the sheltered housing stock could make a significant contribution to meeting the needs of the older population more effectively, particularly where these schemes are located in the same town as a proposed extra care scheme. It will help to provide care services more effectively to the wider community and to provide facilities that the wider community could potentially access.
38. This model of providing a range of accommodation for older people including general needs, sheltered and extra care will provide a range of choice and enable flexibility within the care system for residents of a community as they move through old age without necessarily having to relocate in order to receive appropriate care and support to meet their needs.
39. The allocations process for sheltered housing and extra care accommodation is also being reviewed to ensure that the system is fully accessible for vulnerable people, is able to adequately assess the care requirements of individuals and ensures that the allocations process for these facilities is fair and transparent.

Private Sector Developments

40. Successful implementation of the strategy will include working with private sector organisations to ensure that existing and planned facilities and developments contribute to the older people's accommodation system in a structured and managed way. New private sector development proposals may, for example, meet local needs in communities making Council led redevelopment unnecessary. Such proposals may be welcome in that respect but may also expose a potential risk in terms of future costs.

41. It is therefore appropriate for the Council to take steps to “manage” and influence the market, ensuring that any private sector developments or initiatives which impact on this strategy are monitored and that we work with the private sector as partners in delivering the strategy.
42. Ongoing actions include constant monitoring of planning applications to influence the nature of older people’s accommodation that comes forward as well as working with colleagues in Planning and Housing to inform both planning decisions and development of housing policy to help deliver the principles of the strategy.

Environmental and Climate Change Considerations

43. The environmental implications of the programme will be significant and varied and will require further identification as the programme moves forward.
44. CO₂ emissions from council-run older peoples’ care accommodation are included in the council’s carbon footprint, while emissions from privately run older peoples’ accommodation contribute to Wiltshire’s carbon footprint as a whole. In order to ensure that energy consumption and carbon emissions from these buildings do not increase, as well as to ensure appropriate environmental management takes place, new stock will be built to Code Level 4 of Sustainable Homes and Lifetimes Homes standards increasing to Code Level 6 by 2016. Non-fossil fuel energy supplies will be considered for all new buildings.
45. In order to ensure the necessary transport-emissions for running the facilities do not increase, the location of sites will be carefully considered.
46. It is acknowledged that the very old, chronically ill and poor are amongst the groups most vulnerable to predicted climate change. The provision of accommodation for older people will take this into account by ensuring that buildings are not only built to the required Code Level 4/Code Level 6, but they will also be adapted to predicted climate change, notably for hotter mean temperatures.

Equalities Impact of the Proposal

47. The Development Strategy promotes independence, choice and control and the new facilities will offer opportunities for greater community engagement, involvement and inclusion in a purpose built facility.
48. Processes to ensure that full care assessments and risk management strategies will be put in place for individual affected residents and a detailed Human Rights and Equalities Impact assessments of the proposals is to be undertaken.
49. For each proposed service relocation, each resident will be consulted and have a full care assessment to identify the most appropriate location which would ensure that their individual needs were met. This may include the

preferred alternative accommodation but may also include a like-for-like provision within a private sector care home, where extra care was the preferred option. Furthermore, efforts will be made to maintain friendship groups wherever possible.

50. This strategy will also have a positive impact for people who will develop care needs in the future as it will enhance choice for people when choosing their care provision. This would include remaining in the community with care provided potentially via the extra care team at a local scheme or living in sheltered housing with care and support services provided by the extra care scheme, moving into extra care, or accessing a specialist nursing or dementia care placement within a care home.

Risk Assessment

51. A number of high level key risks have been identified in the Development Strategy which will require careful risk management as an ongoing activity throughout the life of the programme, particularly bearing in mind the projected length of the programme and the dynamic nature of the strategy.
52. The implementation of this strategy is a major undertaking for the Council and our partners due to it being a major development programme. It will require commitment and resources from across the Council at various times and therefore it is proposed that a programme steering group and an appropriate project sponsor are put in place to ensure that commitment is maintained.
53. The project interdependencies are a key risk in that new facilities and land will need to be available at the right time in the programme. Effective project management and joint working with colleagues throughout the Council, particularly within planning and housing, will be required to mitigate this risk.
54. Closing facilities and moving residents is always a risk. To mitigate that risk, a comprehensive communications, stakeholder engagement and management strategy will be put in place. Processes to ensure that full care assessments and risk management strategies will be put in place for individual affected residents and a detailed Human Rights and Equalities Impact assessments of the proposals will be carried out. A proposed Communication Strategy is attached at **Appendix Two**.
55. It is acknowledged that there is a limited availability of Homes and Communities Agency (HCA) funding and the strategy looks to minimise the requirements for Social Housing Grant. It may however be the case that some element of grant/subsidy is required to facilitate the strategy and work will continue with the Neighbourhood and Planning Directorate to facilitate this.
56. Renegotiation of the OSJCT contract is required as the numbers of facilities are reduced. OSJCT are aware of the general principles of these

proposals and the Council's intentions with regard to the older people development strategy and negotiations are ongoing.

57. Due to the proposed restructuring of the Primary Care Trusts and the creation of GP consortiums for commissioning functions, there is a risk to the usage and planned implementation of the rehabilitative, step down facilities in the new nursing homes. This will be carefully considered once further information is available regarding the health service restructuring.
58. There is a need to ensure effective communication and engagement with the affected provider market as a result of the implementation of this development strategy to ensure continued quality and continuity of care throughout this process. This has been recognised and captured within the proposed Communication Strategy contained at **Appendix Two**.
59. Political support is essential to the success of the strategy and is justified by the improvements that older people will have in the choice and standard of accommodation and support that is available to them as well as the projected containment of future costs.

Financial Implications

60. Based on the demographic projections referred to above, and on continuing the current patterns of providing care, the Council is forecast to spend approximately £3.3bn over the next 25 years which is an unsustainable and unmanageable resource demand. The development of new ways of delivering services through new facilities will result in reduced expenditure over the current forecast and further detailed financial forecasts of the revenue implications have been modelled. This depicts that by undertaking the proposed development plan and service remodelling, the Council would realise a cost avoidance of approximately £600m¹ over the next 25 years. A summary of the financial modelling is contained in the table below.

Year	Do Nothing	Redevelopment
2011	44,214,935	49,215,607
2012	47,322,706	47,742,647
2013	50,405,574	48,315,557
2014	54,752,076	44,226,140
2015	59,215,020	49,709,101
2016	64,286,739	54,002,263
2017	69,651,083	57,090,415
2018	75,504,860	51,945,694
2019	81,968,991	64,242,498
2020	88,509,050	68,608,819
2021	95,784,090	76,785,705

¹ The indicative cost avoidance figure is based on a detailed financial model that underpins the development strategy and incorporates economic and care assumptions. Changes to these assumptions may and will change this figure. The model will be updated through the life of the project, and the assumptions will be reviewed and revised. Therefore the achieved cost avoidance may be different from the figure identified above.

2022	103,753,197	83,303,763
2023	112,201,084	90,035,091
2024	121,554,165	97,361,267
Year	Do Nothing	Redevelopment
2025	131,472,223	105,232,775
2026	142,283,721	113,844,797
2027	154,136,672	123,632,922
2028	166,875,684	134,406,986
2029	180,648,822	145,944,253
2030	196,025,608	158,990,307
2031	212,188,141	172,970,082
2032	230,447,045	186,609,382
2033	250,926,276	206,286,298
2034	272,488,081	225,033,224
2035	296,576,383	246,030,244
Total	3,303,192,227	2,703,565,837
Cost Avoidance (£)	£599,626,390	
Cost Avoidance (%)	18.15%	

This cost avoidance will help to offset the challenges of the forecast demographic change around older people and is achieved through a diversion of people from residential care to community support or specialist nursing or dementia care, which achieves an on average saving per person of £44² per week.

	Cost Per User Per Week (Average)		
	2011	2034	Difference
Do Nothing	167	172	5
Redevelopment	186	142	-44

61. The capital cost of the proposed development programme is approximately £220m based on current prices. Under these proposals, the Council does not anticipate funding developments directly and will be working to maximise investment from the private and voluntary sectors.
62. One of the major funding streams for extra care housing in the recent past has been Homes and Communities Agency (HCA) Social Housing Grant (SHG). SHG is currently very limited and will continue to be so following the Comprehensive Spending Review. Indicative calculations for HCA grant requirements to support schemes within this strategy would amount to approximately £44m, which could exceed the Council's allocation once other proposals and priorities are taken into account. Therefore, the Council is aiming to reduce this reliance on public subsidy in the provision of extra care housing through working in partnership with the private sector.

² This figure is indicative as it is derived from a detailed financial model that underpins the development strategy. It may be likely to change over time due to changes to the assumptions within the model as a result of the delivery programme and external factors.

63. However, discussions are ongoing through the production of the Local Investment Plan to prioritise SHG funding for extra care housing schemes and other Council priorities. Currently it is recognised that there is a case for Adult Social Care to receive 20% of the overall SHG funding allocation, which would enable the delivery of one extra care scheme per year on sites that are outside of the preferred development framework. However, the prioritisation and allocation of future SHG allocations will be the subject of a separate report and will be determined by Members through the approval of the Local Investment Plan.
64. In the absence of additional SHG funding, in order to deliver the strategy, consideration must be given to alternative funding streams and how these may be used to supplement any available SHG or to directly fund development where none is available. Paragraphs 23 to 29 above outline proposals to generate investment through surplus land. Each individual proposal where land is being requested to be disposed of at less than market value will be the subject of a separate report to be presented to the Capital Assets Committee on a site by site basis.
65. There are revenue as well as capital implications in implementing the strategy. There will be short term increases in care costs due to transitional arrangements concerning the relocation of existing residents. This may include the cost of additional staff to enable people to be managed in an alternative environment, which are not as a direct result of an individual's care needs changing. These costs will be met from existing revenue resources.
66. Furthermore, if the Department of Health PFI project proceeds, there is a revenue cost to the Council of completing the process. £1m revenue funding over a 2 year period has previously been approved by the Cabinet to enable the Outline Business Case to be produced and the procurement process to be undertaken through to financial close. There will also be an ongoing revenue commitment from the Council for the purchasing of care placements within the new facilities.
67. Although there is a requirement for the Council to provide revenue funding to progress the Department of Health PFI project, the continuation of this proposal would grant Wiltshire £49.687M of funding, which would guarantee the delivery of the much needed new facilities within East, North and South Wiltshire. Whilst it is anticipated that the facilities may be able to be delivered with alternative funding mechanisms across different timescales, the certainty of delivery is significantly reduced due to the potentially limited access to capital borrowing on behalf of our partners, uncertainty around interest rates and conflicting priorities for developments with our partners.
68. There will also be costs associated with the finalisation of this development strategy. These costs include obtaining valuations for the Council owned sites, legal expenditure associated with the extra care procurement as well as costs associated with stakeholder engagement

and consultation. There will also be costs associated with the provision of furnishings where residents are re-housed in alternative facilities.

69. There will therefore be a need for an ongoing revenue budget to fund this strategy of £200,000 per annum and this will be considered as part of the budget setting process for inclusion within the department's business plan for financial year 2011/2012. If accepted, the budget will be reviewed on an annual basis.

Legal Implications

70. The land and building development aspect of the recommended strategy will engage the Public Contract Regulations (2006) ("PCR"). These regulations will need to be observed in order to avoid the risk of a legal challenge, associated costs, and possible disruption to the project plan.
71. The proposed extended term (10 years) of the framework is a potential risk to the scheme. The PCR restricts the term of framework contracts to 4 years "except in exceptional circumstances ... relating to the subject of the framework contract." The complex planning and consent procedure coupled with the time that will be required to assemble land into commercially attractive packages amounts to exceptional circumstances to do with the subject of the framework. If this is wrong and a successful challenge is made against the length of term of the contract then the likely outcome would be that the framework would be restricted to a four year term and re-tendering would be necessary at that stage.
72. The decision to move residents of homes must be informed by a full consultation exercise. Failure to properly consult will raise the risk of the decision being challenged by way of a Judicial Review. Such a review would at least disrupt the implementation of the plan and possibly lead to the overturning of the decision itself.
73. To minimise the risks identified in paragraphs 71 and 72 above, legal services will be engaged in the project and appropriate advice sought.

Options Considered

74. **Do Nothing**
The existing facilities are becoming increasingly out of date and not fit for purpose as they have limited en-suite facilities and are unable to cater for high dependency people due to the limited space standards in bedrooms and communal areas. There is a risk of home closures due to the accommodation standards and inability of the existing facilities to attract sufficient people that are able to fund their own care. Additionally, there would be a potential breach of contract obligations in the OSJCT contract due to a commitment to undertake a redevelopment programme contained within the 2005 contract. Furthermore, the Council would not deliver its identified extra care requirements, which would have an ongoing impact on care costs and an inability to meet future need due to the ageing population. This option has therefore been discounted.

75. Council Fund Development Programme through Prudential Borrowing
An option that was considered was the Council funding the proposed developments utilising Prudential Borrowing. However, this was one of three options evaluated in the financial model and it was not identified as the most cost effective solution for any viable development.

Conclusions

76. The case for a structured and decisive intervention in Wiltshire's older people's housing system is beyond doubt. As the demographic changes outlined begin to occur and the current, in some cases outdated and expensive to operate facilities require more and more investment, innovative responses are needed which give the opportunity for people's needs to be met in ways that meet the standards that we expect in the 21st century. People have a right to live in modern, affordable, fit for purpose homes where changing needs can be met from within their own communities.
77. Continued investment into existing facilities which are not fit for purpose and cannot be made fit for purpose is an ineffective use of increasingly scarce resources both in terms of capital and revenue funding. The new facilities that are proposed through this strategy will be "state of the art", efficient and cost effective to run and manage over their whole lifecycle, but more importantly, will be responding to local needs in local communities.

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Background Papers

The following unpublished documents have been relied on in the preparation of this report:

Wiltshire's Older Peoples' Accommodation Strategy – Report by Peter Fletcher Associates, 2008

Redevelopment of The Paddocks Care Home – Cabinet Report, 14th September 2010

Appendices

Appendix One Older People Development Strategy

Appendix Two Communications Strategy

Appendix Three Glossary of Accommodation Terms