

**DRAFT**  
**Commissioning Strategy for Extra  
Care Housing**

## **Contents**

- 1. Introduction**
- 2. The Strategic Context**
- 3. The Devon Model of Extra Care Housing**
- 4. Estimating the Need for Extra Care Housing**
- 5. Funding Arrangements**
- 6. Delivering the Commissioning Strategy**

## **Appendices**

- 1. Extra care housing programme**
- 2. Financial Projections**

## **1. Introduction**

### **1.1 Overview**

The extra care housing programme being developed for Devon is intended to help older people achieve greater independence and well being by giving them more choice over housing and care options. Furthermore, extra care housing will help divert older people from moving into residential care and will allow the county to reinvest resources in preventative services.

### **1.2 Extra care housing**

Extra care housing enables older people to live in their own apartments in a designated development for older people, with 24 hour care and support services on site.

The key features that modern extra care housing should include are as follows:

- Accessible specially designed housing that enables independent living for older people including those with physical disabilities;
- The inclusion of telecare to enable people to live safely in their own flats and to monitor those who have dementia;
- The provision of communal facilities to allow community activities to be organised and to provide other services (e.g. a café/restaurant, assisted bathing);
- Flexible 24 hour care delivered by an on site care team;
- The development of a mixed community including those with different levels of ability and the provision of apartments with different tenures and number of bedrooms;
- The development of sites that maximise economies of scale i.e. 50 plus units.

The dependency mix of residents varies with all schemes aiming to have a balance between high, medium and low need, and some providing accommodation and care for a proportion of people with dementia.

### **1.3 Close Care Housing**

For those living in more rural communities, where the community and population could not sustain the need for a 50 bed extra care scheme, Devon is proposing commissioning up to 10 apartments of 'close care' accommodation in close proximity to existing residential care homes. Close care involves the provision of specifically designed accommodation for older people on, or nearby, a Residential Care Home site. The capacity of the Home would be enhanced to provide the care and support services necessary to meet the assessed needs of those living in the apartments.

This model does present some challenges as there will need to be land available in close proximity to Residential Care Homes, and Homes will need to be in locations where close care is most required; which is likely to be in smaller towns.

### **1.4 What are the benefits of extra care housing and close care?**

The perceived benefits of extra care housing and close care are as follows:

- reductions of admissions to residential care homes;
- reductions of admissions to hospital;
- enabling people to maintain their independence in their own self contained accommodation;
- giving older people greater choice and control over housing and care options;
- promoting well being;
- reduced cost to adult social care budgets.

## **2. The Strategic Context**

### **2.1 Introduction**

Demography means that an increasing number of people are living longer, but with more complex conditions such as dementia and chronic illnesses. By 2022 20% of the English population will be over 65. This trend is even more marked in Devon where the population is ageing at a faster rate than that for England.

There have been strategic responses to these demographic changes at national, regional and local levels. Extra care housing for older people is recognised as an important element in preventing older people from moving into residential care and increasing choice and independence.

### **2.2 The Changing Aspirations of Older People**

The aspirations of older people are changing. There is research evidence to indicate that up to four fifths of older people would prefer to stay in their own home for as long as possible. The vast majority of older people are able to remain living in their own homes, with many supported by carers.

There are, however, older people who would like to move house and live in accommodation that is better located, more accessible and easier to maintain. One of the main issues is the lack of housing options, with sheltered housing or residential care being the only choices available.

There are a number of themes related to the changing aspirations of older people and these are:

- Most older people want to retain independence and control;
- The accommodation provided matters and most older people want accommodation that feels like ordinary housing, provides security and is reasonably spacious (with many preferring two bedrooms);
- Older people who are owner occupiers are often reluctant to move into rented sheltered accommodation or residential care because they do not want to erode their capital;
- Older people are more economically active and if they are paying for services they want flexibility, quality and choice.

### **2.3 The National Context**

The Government has published a number of strategies that take account of the changing aspirations of older people for housing, care and support. These strategies aim to promote independence and well being in later life.

*Life Times Homes, Life Times Neighbourhoods, the National Strategy for Housing in an Ageing Society* was published in February 2008 and aims to increase the housing options available to older people. The strategy recognises that most housing and communities are not designed to meet people's changing needs as they grow older and that older people's housing options are too often limited to care homes or sheltered housing. One challenge the strategy identifies is getting the right range of

good quality specialised housing (in particular extra care housing) to expand choice and meet projected future demand. Another is ensuring that there are improvements to the quality of all forms of specialised housing. The strategy outlines a new positive vision for specialised housing as somewhere older people will aspire to live in later life.

There are a number of new approaches that have arisen out of *Our Health, Our Care Our Say (DOH 2006)* which set out the importance of shifting resources into prevention, joint health and social care commissioning, tackling health inequalities and providing care nearer home. *Putting People First (DOH 2007)* sets out the Government's commitment to independent living for all adults. Increasingly there is a greater emphasis on providing personalised services to meet the needs of individuals, including the use Individual Budgets.

Extra care housing is central to the aims of independent living, prevention, well being and choice. Extra care housing can provide personalised care and support services that can be tailored to the needs of individuals, with additional care being provided as and when it is required.

## **2.4 The Regional Context**

The recent report '*Putting Older People First in the South West – a regional market assessment*' highlights that one of the key features of the South West is that it has an ageing population and that both men and women have the longest life expectancy. The projected population aged 65 and over in the South West is expected to increase by 44% during the period 2008 to 2025. The proportionate increase in the number of people aged 85 and over is even higher with an increase of 57%.

The report provides a comprehensive overview of the regional housing market for older people. It found that there are wide variations across the region in the level of provision of extra care housing, as well as variations in the amount for rent and sale. The report recognised that there is a need for more extra care housing and recommended that local housing and social care authorities should establish the level of need for this type of housing in each area and the appropriate balance between rent and sale.

There is a regional target that 10% of all new social rented housing should be either for people receiving specialist support services or specialist provision for older people. The report recognised that no single agency can deliver extra care housing in the volume that will be needed in future years and that extra care housing schemes can only be developed and maintained through a partnership of stakeholders, including planners, commissioners, providers and developers.

The Northern Peninsular Strategic Housing Market Assessment (SHMA), which includes the district of North Devon and Torridge, identifies a substantial requirement for extra care housing, preferably in the areas where older people already live. The report warns that without this provision there is a risk of a 'log jam' in the turnover and supply of future family housing. The Exeter and Torbay SHMA, which includes the City of Exeter and the districts of East Devon, Mid Devon and Teignbridge, does not specifically identify a requirement for extra care housing. However the report

does identify that a small proportion of older people, whose homes were not meeting their housing needs due to a health problem, have a requirement to move to another home – about 700 households across the sub region. The Plymouth SHMA, which includes South Hams and West Devon, does not specifically identify the need for extra care housing although the districts own housing strategies do.

## **2.5 The Local Strategic Context**

Following a fundamental review of social care services in Devon, and a Best Value Review of Frail Elderly Accommodation, Devon County Council has embarked upon a modernisation programme to transform care services in Devon. Delivery of its vision for extra care housing in Devon is key element of this radical change programme.

There is considerable support from the district councils and the City of Exeter for an extra care housing programme. These housing authorities recognise that, with the increasing older population, there needs to be greater choice over housing options and an alternative to moving into residential care. These councils are also in a position to identify whether existing sheltered accommodation may be suitable for re-modelling and whether suitable sites are available for new build extra care housing schemes.

### **3. The Devon Model of Extra Care Housing**

#### **3.1 Vision for extra care housing**

Devon's vision for extra care housing can be summarised as follows:

*Devon intends to develop an extra care housing programme to promote the health and well being of older people who wish to live independently and to provide an alternative to residential care. The aim is to increase housing and care options for older people, including providing person centred care and support and accommodation for rent and sale. The county recognises that many older people live in isolated rural areas and a model of close care will be developed whereby designated housing for older people will be located near to existing residential care homes.*

#### **3.2 Devon's Model of Extra Care Housing**

All extra care housing schemes in Devon will provide independent living apartments for older people, with 24 hour care and support provided from an on-site team, and with a range of communal facilities available to support both residents and the wider community. Extra care housing schemes will offer a range of both in-reach and out-reach services.

- **Extra care schemes**

Devon considers the optimum size for an extra care housing scheme to be 50 apartments in order to achieve economies of scale without detracting from the quality of life enjoyed by residents and to avoid schemes feeling 'institutional' in nature. Schemes can either be newly purpose built, or can be remodelled from existing sheltered housing schemes where feasible and viable.

Extra care schemes should provide a mix of one and two bed apartments; the exact number will be negotiated for each scheme but ideally Devon would like to see at least 50% of each. In addition, Devon wishes to see a mix of tenure in each scheme to reflect the fact that around 75% of older people in Devon own their own homes; again the proportion will be negotiated for each scheme to reflect market conditions.

- **Dependency mix**

All people moving into extra care housing must have an assessed need for care and support, as well as a housing need. However, it is important to maintain a balanced level of need within each scheme. In Devon, allocations into extra care housing will be made on the basis of 50% of residents having high care and support needs (over 10 hours per week), 30% of residents have medium care and support needs (between 5 – 10 hours per week) and 20% having lower care and support needs (up to 5 hours per week).

- **Assessment and allocations**

Assessments will be made by Adult & Community Services (Care Direct Plus and/or Complex Care Teams) and allocations of apartments will be made by a multi-agency panel comprising a Joint Health & Social Care Cluster Manager, a District Housing Authority representative, the Care & Support Provider and the Landlord.

- **Location**

Extra care schemes must be located near good transport links and close to a wide range of community amenities and healthcare facilities.

### 3.3 General Principles of Extra Care in Devon

There are a number of overarching principles that should apply to extra care housing which are:

- To offer an alternative to residential care and sheltered housing
- To create a resource for the wider community.
- To ensure staff can provide care and support discreetly.
- Variations in core design specifications, service charges, and services on offer should be kept to an absolute minimum between tenants and leaseholders in each scheme.

The general principles for the design of extra care housing in Devon are as follows:

<b>Apartments</b>	Fully accessible self contained units of accommodation (best practice suggests 51m <sup>2</sup> for 1 bed and 68m <sup>2</sup> for 2 bed) that offers a ‘home for life’.
<b>Accessibility</b>	To provide an ‘enabling’, fully accessible environment that includes designing for mobility impairment, sensory impairment (visual and hearing), cognitive impairment and people with learning disabilities.
<b>Non- institutional</b>	To be domestic in style and avoids creating an institutional feel, both in terms of the built environment and also fixture and fittings used.
<b>Welcoming and easy to navigate</b>	The entrance should be clear and welcoming; with the building layout easy to understand, clearly signed, and private/public spaces obvious.
<b>Communal space</b>	To provide flexible communal space that can be used on a multi-functional basis.
<b>Staff facilities</b>	Should ensure that staff have the necessary functional facilities, such as changing area, rest room, sleep in facility, office space etc.

### 3.4 Specific Requirements

There are a number of specific requirements that Devon would wish to see incorporated into an extra care housing scheme:

<b>Flexible multi functional rooms</b>	Support wider community use, as well as resident use; through the inclusion of a number of flexible use rooms (ideally adjoining with removable walls to enable larger spaces to be created) capable of supporting uses such as: <ul style="list-style-type: none"> <li>• Hairdressing</li> <li>• Foot care / other clinics</li> <li>• Therapies / treatments / consultations (ideally with adjoining en-suite facilities)</li> <li>• Community mentoring services / social groups</li> <li>• Hobbies / activities / clubs etc.</li> <li>• Memory Café etc.</li> </ul>
<b>Kitchen facilities</b>	Provide kitchen facilities to enable fresh cooked meals to be provided. Kitchens to be self- sufficient and open / marketed for wider community use.
<b>Restaurant/Café</b>	Provide a restaurant / café area for both residents and the public to use.
<b>Laundry</b>	Enable residents to undertake their own laundry in their flats should they wish. In addition, a small communal laundry facility to be available for residents.
<b>Privacy</b>	Ensure ‘progressive privacy’ principles are adhered to, ensuring communal facilities are away from residents flats and ensuring that staff and the public do not need to walk through residents corridors to reach their destination. Also, keep the use of restrictive internal locking systems to a minimum.
<b>Refuse</b>	If possible, to offer refuse / recycling collection points on each floor for residents use.
<b>Assistive technology</b>	Make best use of assistive technology in managing the scheme and delivering care and support services to residents. Costs must be commensurate to the risks identified.
<b>TV infrastructure</b>	Provides a communal infrastructure to deliver cable/satellite digital TV to each flat and key communal areas (explore option of a concessionary TV licensing scheme), and broadband in each flat and key communal/staff areas.

There are a number of specific requirements in relation to meeting specific needs and these are:

<b>Dementia</b>	Support to people with early onset / moderate levels of dementia from day one and support to severe dementia suffers as their needs increase in the longer term.
<b>Day care and intermediate or respite care</b>	Devon may also wish to commission day activities, respite care and intermediate care within an extra care scheme, but this would be determined on a site by site basis.

### **3.5 Operational Principles**

Devon County Council and its partners wish to see extra care housing schemes operating in a manner which:

- Promotes independence, healthy, active ageing, and overall general and emotional wellbeing.
- Promotes social inclusion for residents and the local community; ensuring that older people are not left socially isolated and lonely behind their own flat door. This should be through the development of close links with the local health and social care sector, voluntary sector and private/business sector to promote the use of the extra care scheme's facilities and services, to develop a full range/programme of activities/therapies/treatments/services that could be provided to residents and the local community within the scheme.
- Empowers residents to have a strong and active say in how they wish to see their scheme operating and working – including making informed decisions around provision of new services and associated costs/service charges etc.
- Provides an environment that enables the scheme to provide outreach services to the wider community should this be required.

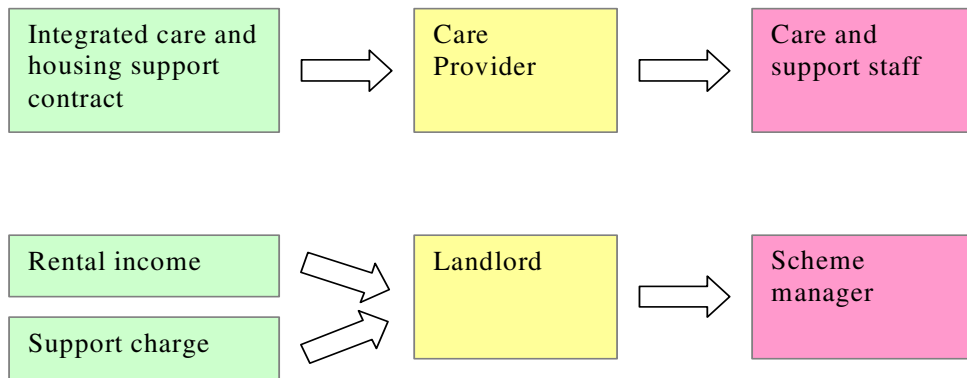
### **3.6 Care and Support Arrangements**

Devon County Council will jointly commission an integrated care and housing support service to operate 24/7 from an on-site team. This staff team will provide personal care services, as well as housing support services aimed at helping residents to maintain independent living; this means the service provider will need to be registered as a domiciliary care provider.

Devon will contract for care and support services in extra care housing under a Cost and Volume Contract. The care and support provider will seek to manage fluctuating care and support needs within a core number of contracted hours, in line with the dependency mix model outlined earlier, based on an average number of 7 hours per resident per week. In addition, the authority can spot purchase additional hours to meet additional agreed levels of need, if required. Night time care hours will be purchased in addition to the core hours.

Devon will require the Landlord to provide a 'Scheme Manager' to provide business support to the scheme, housing management services to residents, co-ordinate an activities programme for residents and the wider community, and act as a single point of contact for the community; actively making and maintaining links with a range of local partners. This service will be funded by a combination of rental income and a support charge (this charge could be eligible for Supporting People subsidy).

The care and support arrangements can be illustrated by the chart below



The care and support services will be commissioned separately from the development of the extra care housing scheme. It is possible for a landlord to provide both the scheme manager service as well as the care and support services, where it wins the care and support tender.

As previously described, a model of close care will operate from a number of Residential Care Homes to provide care to older people living in designated housing nearby. These services will be quite separate from the extra care housing schemes.

## 4. Estimating the Need for Extra Care Housing

### 4.1 Introduction

It is essential to estimate the future need for extra care housing so that a programme can be developed that is based on what is needed in the right locations. In estimating the future need for extra care housing it is important to take account of need for mixed tenures as well as mixed dependencies.

A model has been developed for estimating the need for extra care housing based on a CLG model for estimating the needs of vulnerable people in growth areas<sup>1</sup>. This model identifies the population at risk, which is the population of older people that is most likely to require extra care housing. Not all those within the population at risk will end up needing extra care housing and the model therefore identifies the population in need which is an estimate of the demand for extra care housing.

### 4.2 Demographic context

Devon has a population that is older when compared with most counties, with the number of people aged 85 and over growing fast. The population profile from the ONS 2007 mid year population estimates shows that:

- 21% of Devon's population is aged 65 and over;
- 3% of the population is aged 85 and over.

The population projections below relate to Devon County Council's administrative area population as a whole as well as the three Devon localities. The population in the DCC area as a whole in the very elderly aged 85 and over will increase by 10,000 during the period 2006 to 2021, representing a 45% increase.

	65-84			85+		
	2006	2021	% Change	2006	2021	% Change
DCC	133,510	185,450	39%	22,130	32,120	45%
Northern	28,060	40,730	45%	4,160	6,350	53%
Southern	48,100	69,300	44%	7,840	11,690	49%
Eastern	57,350	75,420	32%	10,130	14,080	39%

It is estimated that there are 12,054 people aged 65 and over in Devon with dementia<sup>2</sup>. This figure is projected to increase to 16,036 in 2020, an increase of 33%. The largest percentage increases of people with dementia are likely to be across the northern and western areas of Devon, directly linked to where the population is ageing at the fastest rate.

The growth in the older population in Devon will have an impact on the need for extra care housing and as a result the model is able to project the increase in the numbers of extra care housing units that will be required over the next decade.

<sup>1</sup> The Impact on the Need for Supporting People Services arising from Population Growth in the Four Sustainable Community Growth Areas– CLG 2009 (to be published)

<sup>2</sup> Projecting Older People Population Information

### 4.3 Population at risk

The key factors linked to the requirement for extra housing care are age, limiting long term illness and the number of people living alone<sup>3</sup>. This data has been analysed for Devon to provide an indication of the population at risk and those who are most likely to require extra care housing.

The figures in the tables below show the population at risk in each district as those aged 75 and over who have a limiting long term illness and are living alone. Extra care housing may be appropriate for older people in younger age bands, but these tables are focused on the population most at risk.

<b>Total population aged 75-84, with a limiting long term illness, living alone</b>	<b>2008</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
East Devon	2,230	2,223	2,371	2,753
Exeter	1,510	1,519	1,538	1,596
Mid Devon	1,030	1,054	1,192	1,439
North Devon	1,309	1,332	1,477	1,749
South Hams	1,203	1,244	1,316	1,539
Teignbridge	2,068	2,085	2,202	2,546
Torridge	910	950	1,138	1,420
West Devon	717	708	838	984

<b>Total population aged 85 and over, with a limiting long term illness, living alone</b>	<b>2008</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
East Devon	1,714	1,772	2,004	2,266
Exeter	954	1,020	1,185	1,316
Mid Devon	637	669	796	923
North Devon	836	898	1,022	1,176
South Hams	762	791	879	997
Teignbridge	1,255	1,339	1,506	1,729
Torridge	556	584	696	835
West Devon	390	416	468	572

### 4.4 The population in need

The population in need has been calculated on the basis of the number of older people who could potentially be diverted from moving into residential care, as well the number for whom intensive home care could be provided more efficiently in an extra care setting. In addition there is likely to be a need for extra care housing from other older people who may be in receipt of home care services or who are at risk in their current housing situation.

The target group who need extra care housing can be summarised as follows:

- People who would otherwise move into residential care with lower to moderate needs;
- Those who are in receipt of intensive home care and whose needs can be met more efficiently in an extra care housing setting;
- Older people with mild or moderate levels of dementia whose needs can be met in an extra care housing setting;

<sup>3</sup> A framework for an Oxfordshire extra care housing strategy – Concept Management Solutions - 2008

- Those whose current housing and mental and physical needs create a level risk that can be managed effectively in an independent setting such as extra care housing;
- The provision of extra care housing to provide intermediate care in a community setting as an alternative to residential care.

Although it is not possible to precisely calculate the need for extra care housing, this commissioning strategy has developed an indicative of rate of 65 units per 1,000 people aged 75 and over, who are living alone and have a limiting long term illness. This rate has been based on the evidence of the numbers of older people with low to moderate needs who can be diverted from residential care, as well as those whose needs could be more effectively met by extra care housing or close care.

#### 4.5 The net need for extra care housing

The net need for extra care housing takes account of the estimated need for this type of provision and its current supply. This data has been analysed at a market town/city level to identify those towns in which extra care housing is likely to be most viable and where there is an unmet need.

The table below shows the population at risk in each of the markets towns/city and their hinterland, together with the existing supply of extra care housing and the indicative net need.

Devon Towns (including their hinterland)	People aged 75 to 84 alone with a LLTI*	People aged 85 and over alone with a LLTI*	Locality	Existing supply of ECH units	Net indicative ECH units needed
Axminster	209	128	Eastern		
<b>Exmouth</b>	<b>772</b>	<b>559</b>	Eastern		<b>100</b>
Honiton	237	149	Eastern		
Ottery St Mary	151	120	Eastern		
Seaton	279	204	Eastern		50
Sidmouth	346	284	Eastern		50
<b>Exeter</b>	<b>1655</b>	<b>936</b>	Eastern		<b>150</b>
Crediton	231	150	Eastern		
Cullompton	262	171	Eastern		50
Tiverton	471	268	Eastern		50
Dartmouth	169	115	Southern		
Ivybridge	354	173	Southern	56	0
Kingsbridge	296	213	Southern		50
Totnes	361	214	Southern		50
Ashburton & Buckfastleigh	130	63	Southern		
Dawlish	323	166	Southern		50
<b>Newton Abbot</b>	<b>972</b>	<b>487</b>	Southern		<b>100</b>
Moretonhampstead	67	46	Southern		
Teignmouth	424	242	Southern		50
Okehampton	270	148	Southern	50**	0
Tavistock	380	220	Southern		50
<b>Bideford &amp; Northam</b>	<b>577</b>	<b>323</b>	Northern		<b>50</b>
Great Torrington	106	64	Northern		
Holsworthy	114	61	Northern		

Barnstaple	550	324	Northern	45	50
Braunton	206	129	Northern		
Lynton & Lymouth	25	11	Northern		
Ilfracombe	242	150	Northern		50
South Molton	161	105	Northern		
Total Devon	10,206	6,152		151	950

\*Source 2001 census

\*\*from October 2009

Based on 2008 population estimates a total 1,101 extra care housing units are likely to be required to meet the needs in the county.

The table above shows 'hot spots' (shaded in black) which could potentially sustain more than one extra care scheme and secondary areas (shaded in grey) where a single extra care scheme could be viable, with an indication of the number of units required for each area (based on extra care housing schemes comprising 50 units each).

The development of an extra care housing scheme may not be sustainable in areas with a dispersed population. A close care service could be located within existing Residential Care Homes that could provide care to older people living nearby, in housing specifically developed for older people. The need for this type of accommodation is estimated to be approximately 70 units based 2008 population figures, with clusters of up to 10 units developed mainly in smaller towns.

To gain a better understanding of the future need for extra care housing it is possible calculate these needs as a proportion of the projected population aged 75 and over with a limiting long term illness and living alone. The table below shows the projected need for extra care housing over the next 10 years:

	2008	2010	2015	2020
Population aged 75 and over alone with LLTI	18,085	18,611	20,605	23,966
Extra care housing units needed (including existing units)	1,101	1,131	1,252	1,457
Need based on rate of 65 units per 1000 incl close care	1,175	1,209	1,339	1,557

The projected need for extra care housing will be predominantly focused on the same market towns as those identified in the table above, which may result in more than one extra care housing schemes in some of these towns. In addition close care units will need to be developed in clusters in other towns.

The Regional Spatial Strategy for the South West will result in two growth points with new communities being established at Sherford and Cranbrook. The extra care housing programme will need to take account of the needs of these communities and it currently there are proposals for 100 extra care housing units at Sherford and 50 at Cranbrook.

## 5. Funding Arrangements

### 5.1 Introduction

Extra care housing not only enables older people to live in a more independent setting than residential care, but is also a more cost effective option for local authorities. Devon's strategy of increasingly using extra care housing instead of residential care will enable revenue savings to be made which can then be reinvested in supporting more of this type of provision.

This strategy does however depend on developing a sufficient number of extra care housing schemes so that older people can be diverted from residential care. Capital funding therefore needs to be identified as part of the overall programme to invest in extra care housing through partnership working between the county council, local housing authorities, housing development partners, and the Homes and Communities Agency.

Finally, the balance between units for rent and units for sale will need to be defined. This balance will be influenced by the local market as well as by the wider economic downturn. However, mixed tenures not only create balanced communities but also generate sales proceeds which can then be used to subsidise the development of the other units.

### 5.2 An analysis of the financial benefits

Extra care housing has the potential to deliver considerable financial benefits, both for the council as well as for service users. The main financial benefit derives from the fact that extra care housing can divert a considerable number of older people from residential care. In Devon the aim is to divert all those with low to moderate assessed needs for residential care placements.

The table below provides an illustration of the income and expenditure for an older person with a high level of dependency (20 hours per week) who is on pension credit and moves into an extra housing scheme

<b>Expenditure</b>	<b>£ per week</b>	<b>Income</b>
Rent	75	Housing benefit
Housing Service charges	34	Housing benefit
Council tax	21	Council tax benefit
Care and support	280	Attendance Allowances and Local Authority care contribution
Food & living expenses	90	Pension
<b>Total</b>	<b>500</b>	

The table provides a simple analysis to show the net cost to the council. This works out at £213 per week taking into account income from Attendance Allowance and could be lower where other benefits are taken into account. This can be compared with the cost of a residential care placement which is between £391 p.w. for the

independent sector and £759 p.w. for in house services. In addition individuals living in extra care housing are left with considerably more disposable income.

The cost of care and support in an extra care housing scheme could save the council approximately £251 p.w. on the costs of a residential care place in the independent sector, assuming an average input of 10 hours per week (not taking AA into account<sup>4</sup>). This means that for every residential care placement purchased the council could potentially purchase over two extra care placements.

Those residents eligible for means tested benefits will be able to claim:

- Housing benefits for rents and service charges
- Council tax benefit
- Costs of care and support

Those ineligible for means tested benefits:

- Will be responsible for their rent, service charge and council tax
- Will be subject to the authority's charging policy for care and support services

Individuals who are asset rich and income poor could invest their capital by purchasing a leasehold flat in an extra care scheme. This approach would protect their asset and as a result they would not have any rent to pay. They would still need to pay a service charge.

It is important to point out that a large proportion of older people are partially or fully responsible for meeting their charges under FACS. Therefore when estimating the savings to the council as a result of diverting older people from using residential care, it is important to take this factor into account.

### 5.3 Capital Funding

The capital costs of an extra care scheme will need to take into account the costs of acquiring a site as well as the development costs of the scheme. There may be low cost or free land where existing residential care or sheltered housing sites are utilised. The development costs of an extra care housing scheme are significant, with each unit costing in the region of £120,000 (with land this would be in the region of £160,000). For a 50 unit scheme the development costs, including fees and other on costs, would be approximately £6m and this could increase to £8m where land is acquired.

To ensure that extra care housing schemes are affordable for those that move into them, it will be necessary to obtain public funding. The main sources of capital funding for extra care housing are as follows:

- **Homes and Communities Agency**  
The Homes and Communities Agency provides capital funding to registered housing associations. There is a regional target that 10% of new social rented housing should be either for people receiving specialist support services or specialist provision (SWRDA). To receive capital grant funding the organisation

---

<sup>4</sup> The use of Attendance Allowance for extra care housing has mainly been pioneered by one provider. The DOH has evaluated the financial benefits of this scheme as part of an overall evaluation DOH capital funded programme of extra care housing.

carrying out the development must be registered with the HCA – this can be an RSL, or a private company or an organisation that has been accredited by the HCA.

- **Department of Health**

The DoH has made £60 million available during 2006-08 to develop new extra care housing units. There is a further £80 grant programme over 2009-10. All the funding available from the DOH has been allocated.

- **Local Authorities**

The Local Authorities in Devon will need to work together to establish a joint capital programme to support the delivery of extra care housing and to attract the Homes and Communities Agency funding.

In addition to capital funding from public sources it will be essential to obtain funding from private lenders. Although private lending has become much more restricted, as a result of the economic downturn, housing associations are still able to successfully obtain funding for new social housing developments. Furthermore, there is evidence to show that there are increased opportunities for the inclusion of extra care housing within some private sector developments.

The Devon model is based on mixed tenure, although the mix has not been prescribed. Outright sales of a proportion of units will reduce the level of public subsidy required for each scheme.

#### **5.4 Other Capital Resources**

There are a number of other capital resources that could potentially be made available. These resources include existing sheltered housing that could be re-modelled as extra care housing and existing local authority sites which could be redeveloped. These opportunities need to be aligned with the locations identified for extra care housing within this strategy.

The use of existing sheltered housing for extra care housing will require capital resources to reconfigure the buildings to meet the requirements of Devon's model. It may be appropriate to demolish specific sheltered housing schemes and use the sites to develop purpose built extra care housing.

#### **5.5 Revenue funding for extra care housing**

The revenue funding for extra care housing will come from a number of different sources and will depend on whether an individual is eligible for the relevant benefits. The sources of revenue funding are as follows:

- **Rental income**

An affordable rent will need to be charged for an extra care housing scheme to enable people on low incomes to access this type of housing. Full or part housing benefit can be claimed by those who are eligible. The rental income would pay for property costs and for a scheme manager to carry out housing management

functions. Those who purchase their apartments outright will not have to pay rent but would pay a service charge that would include maintenance costs.

- **Communal service charges**

Each resident will have to pay a service charge related to communal facilities such as cleaning, heat and light, gardening etc. Full or part housing benefit can be claimed by those who are eligible.

There will also be a support service charge to part cover the costs of the scheme manager. Those residents that are eligible will receive subsidy for this service charge from Supporting People.

- **Care and support services**

Each resident will be responsible for paying a care and support charge to cover the costs of the care and support staff on site. There will be a minimum charge for each resident for the core staff, with charges increasing for individual residents where they require additional care input.

The care and support charges will be means tested and many residents will have their charges paid by the local authority through the contract with the provider. The funding of the care and support element will be shared between the Supporting People budget and the Adult Community Services budget, with a small proportion allocated from the SP budget to reflect the numbers with low dependency needs.

The arrangement with service users may involve using Attendance Allowance to offset the care and support charge where the council is responsible for paying these charges. Attendance Allowance is not a means tested benefit and as a consequence cannot be treated as income for a means testing – however there can be a contract with residents and the provider whereby AA is treated as a ‘well being service charge’.

## **6. Delivering the Commissioning Strategy for Extra Care Housing**

### **6.1 Introduction**

Delivering the commissioning strategy for extra care housing will be challenging because of the level of capital and revenue funding required for each scheme. It will therefore be essential to establish a delivery structure that can draw together a number of partners to maximise capital funding from both the public and private sectors, as well as develop a process for the reinvestment of revenue funding in extra care housing.

### **6.2 Delivering the programme**

The process for delivering extra care housing will need to take account of Devon's model. Essentially there will need to be two main strands to the delivery of extra care housing:

- The delivery of the capital schemes
- The delivery of the care and support services

There will need to be a specific tendering process for the capital programme which will involve the delivery of extra care housing through a partnership arrangement or a consortium. The delivery of the care and support services may need to be tendered as individual schemes come into management, or as 'lots' for a group of schemes – another approach is to adopt a framework agreement where preferred providers are called off as the schemes come into management.

### **6.3 Delivery vehicle for the capital programme**

It is unlikely that one organisation can deliver the extra care housing programme in the volumes required by this commissioning strategy. The development of extra care housing will need to involve a number of partners that can draw in resources from a number of sources.

The selection of partners will involve a tender process whereby partners can be selected on the basis of their track record, ability to deliver, access to capital finance and costs relating to management and maintenance. It is envisaged that Devon could potentially work with a number of partners and even a consortium of partners.

In addition to tendering for preferred partners there will also be a need to negotiate arrangements with existing providers for the redevelopment of sheltered housing sites or the remodelling of sheltered housing schemes into extra care housing, where appropriate.

The whole development process will need to be managed by an Extra Care Housing Partnership Board that would co-ordinate the partners, support the bids to the Homes and Communities Agency and oversee the commissioning programme.

#### 6.4 Phasing of the extra care housing programme

The extra care housing programme will need to be phased so that it can effectively divert older people from requiring residential care. This means that the phasing of the extra care housing programme will need to maximise its impact within each locality. Data for 2007-2008 shows the following quarterly admissions to independent sector residential care for people with low to moderate levels of need in by locality (i.e. in Band 1-3).

Locality Quarterly Admissions		
Eastern	Northern	Southern
27	15	23

The needs analysis has estimated that in addition there are 26 admissions of people with low to moderate levels of need to in-house residential care each quarter. This means that each quarter there are approximately 92 people who could potentially fall within the target group for extra care housing.

On the basis that this group will comprise at least 50% of the residents of extra care housing then no more than five extra care housing schemes should be handed over each year. This approach will allow the programme to be managed effectively to meet the needs of the target group, while at the same time making a contribution to meeting the needs of those whose care could be delivered more efficiently in extra care housing.

#### 6.5 The extra care housing development programme

The delivery of the extra care housing programme will require substantial capital subsidy to make the schemes viable and to enable an affordable rent to be charged. Some of the capital subsidy will be in the form of nominal lands costs and other subsidy will be in the form of capital grants. The Homes and Communities Agency will need to play a substantial role in supporting the extra care housing programme with Social Housing Grant.

At this stage the total capital subsidy required for the programme cannot be precisely established, as there are a number of variables including the availability of land at nominal costs, the availability of sites, the remodelling of existing sheltered housing schemes etc. It is proposed that the programme should be developed in two tranches comprising:

- Tranche 1 – to meet the additional 950 extra care housing units required to meet current needs.
- Tranche 2 – to meet the additional 356 extra care housing units to take account of the growth in the older population between 2008 and 2020.

An outline extra care housing development programme is set out in Appendix 1. This programme allows an initial period for planning, site acquisition and tender, which then leads into the first phase of the development programme to deliver 950 units by

the end of 2016. The second phase of the development programme will start in 2017 and complete by the end of 2020.

Devon County Council is seeking to secure resources for the first tranche of the development programme. On the basis that 55% capital subsidy will be required for this programme, it is estimated that approximately £73m will be required from public sources. If this requirement were to be jointly funded by the Homes and Communities Agency and the local housing authorities (on the basis of 40% HCA and 15% local authorities), then Devon would need to secure **£54m** from the HCA and **£20m** from the authorities, over a seven year period.

The HCA's South West Regional programme for the period 2008/2011 is estimated to be about £753m. This roughly translates into an investment of £75m for specialist housing over this period. This investment is both for specialist accommodation for older people, as well as other needs groups – the funding also needs to be applied to the thirteen housing market areas in the South West. Because of the downturn in the property market, and the resulting impact on the affordable housing programme, the HCA is open to discussions about programmes of new affordable activity (e.g extra care housing).

## **6.6 Early wins**

Establishing a number of early wins will help sustain continuing support for the extra care housing programme and provide confidence in its deliverability.

The following are potential early wins for the programme:

- Bringing Nora Bellot House into use as an extra care scheme – this may need to be an incremental process i.e. increasing the level of staff in line with the increased dependency of residents that move in (the development programme shows this scheme coming into management in 2010);
- Appointing partners as a result of a tendering process;
- Formalising the use of DCC residential care sites for extra care housing use;
- Carrying out feasibility studies on existing sheltered housing schemes/sites to assess their suitability for extra care housing;
- Obtaining positive support from the Homes and Communities Agency;
- Obtaining positive support for this commissioning strategy from the local housing authorities.

## **6.7 Delivery of the care and support services**

The delivery programme for extra care housing programme will involve managing the transition from resourcing residential care to resourcing extra care housing. ACS resources are currently locked into a residential care model and managers may need 'pump priming' funding to be able re-invest resources in extra care housing. It has been suggested that targets may need to be established within each locality for the use of extra care housing to ensure that the transition to this type of provision takes place.

The care and support services for extra care housing will need to be tendered. As the handover of the extra care schemes will be phased over a seven year period there is a question about the type of procurement process that should be adopted. One option is to

have a restricted tender process for each extra care scheme that comes into management over the seven year period, or to tender a number of schemes as a 'lot'.

An alternative approach involves establishing a framework agreement with preferred providers. This would involve providers submitting their rates against a model service specification. When the extra care schemes are handed over, the care and support services can be called off from the framework agreement, usually by mini-competition. A framework agreement usually has a term of 4 years, but there are circumstances where it can be longer e.g. 10 years.

**Appendix 1**  
**Extra care housing development programme**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>EXTRA CARE PROGRAMME</b>													
Brought forward	56	106	151	151	251	501	751	951	1,101	1,201	1,301	1,401	1,457
New units	50	45	-	100	250	250	200	150	100	100	100	56	
Carried forward	<b>106</b>	<b>151</b>	<b>151</b>	<b>251</b>	<b>501</b>	<b>751</b>	<b>951</b>	<b>1,101</b>	<b>1,201</b>	<b>1,301</b>	<b>1,401</b>	<b>1,457</b>	<b>1,457</b>
<b>Voids</b> 2.50%													
<b>Occupied</b>	<b>103</b>	<b>147</b>	<b>147</b>	<b>245</b>	<b>488</b>	<b>732</b>	<b>927</b>	<b>1,073</b>	<b>1,171</b>	<b>1,268</b>	<b>1,366</b>	<b>1,421</b>	<b>1,421</b>
<b>EXTRA CARE RESIDENTS</b>													
People in bands 1 -3	103	147	147	245	403	564	727	873	971	1,068	1,166	1,221	1,221
People who previously needed intensive homecare	-	-	-	-	54	105	136	136	136	136	136	136	136
Others with lower care needs	-	-	-	-	31	63	63	63	63	63	63	63	63
	<b>103</b>	<b>147</b>	<b>147</b>	<b>245</b>	<b>488</b>	<b>732</b>	<b>927</b>	<b>1,073</b>	<b>1,171</b>	<b>1,268</b>	<b>1,366</b>	<b>1,421</b>	<b>1,421</b>

**Appendix 2**  
**Financial Projections**