

Project approval – SS104

9th February 2011

Shotover, Oxford City, Extra Care Housing Scheme**Purpose / Recommendation**

- 1. To approve the payment of grant to Bedfordshire Pilgrims Housing Association (BPHA) in order to help secure the viability of a new, purpose built Extra Care Housing Scheme.**

Background

Extra Care Housing (ECH) offers a unique combination of housing, care and various support services all in one development. Its aim is to enable more people to live in their own homes for as long as possible and, for many, it will provide an alternative to entering a residential care home.

The Council has set as a priority the provision of ECH as an alternative to residential care in order to deal with the increasing cost pressures of caring for Older People and the demographic growth of this population.

Included in the capital programme is funding for the development of new Extra Care Housing up to a total amount of £3.985m.

The Shotover site is currently vacant. The proposal to develop this site for Extra Care Housing is a major component in the strategy for reconfiguring the Oxfordshire Care Partnership contract.

Both OCC and Oxford City Council will have nomination and allocations agreements in place with regard to the letting of the apartments, although it is expected that some residents may transfer out of the care homes into the ECH accommodation.

Bpha have obtained planning permission for a development of 55 one and two bedroom flats plus a full suite of communal dining, activity and assisted bathing facilities plus accommodation for care staff who will be based at the building on a 24 hour basis.

The majority of capital funding for this scheme will be raised from private funds secured by bpha against rents and shared ownership sales, albeit such revenue will be limited by charging below market, 'social' rents for these properties. The balance of the capital cost is normally met by a grant from the Homes and Communities Agency (HCA) BPHA bid for £2.6m grant from the HCA but this bid was unsuccessful.

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However, the HCA have indicated that there could still be £1.4m available from slippage if bpha can secure the site by the end of March. Bpha have asked the County Council to fund the shortfall of £1.2m.

Key Issues

The development of this scheme is a key first step in delivering the revenue savings associated with the Oxfordshire Care Partnership (OCP) contract renegotiations project. A major plank of this project relies upon OCP securing the Shotover ECH development in order to start replacing their current care home places. In addition, developing this site will allow a 'domino effect' regarding the release of other sites in the OCP portfolio. It is therefore crucial that this ECH starts on site as soon as possible.

As stated above, an allocation of £1.2m capital investment could not only help secure a £2.6m grant from the HCA but will also allow the scheme to be developed under the current 'social rent' model of affordable housing meaning that rents are normally set at approximately 50% of market rent levels. This will make the scheme more affordable for most residents (particularly those on low incomes whom OCC has financial responsibility for). However, if this scheme does not get HCA grant now but in their new housing programme starting from April there is a risk that:-

- i) grants will be limited in the new programme and
- ii) any new grants will be linked to a more expensive 'affordable rent' policy set at 80% of market rents (plus there is a further risk that the City Council will resist this new rent model as the planning permission required 'social rents', thereby producing further delay in developing our site).
- iii) Tenancies may have to be offered on a fixed term basis rather than the lifetime model under the current grant programme. This could discourage applicants reluctant to move from a lifetime tenancy
- iv) Any grant would be paid to bpha upon completion of the scheme and not 50% at start as occurs in the current programme. This could present cash flow problems for bpha.

All the necessary planning permissions were obtained from the City Council in September last year, with only the Section 106 agreement outstanding, and a build tender has been agreed between BPHA and their contractor. The scheme is therefore ready to start on site before April/May this year.

A contract and partnership agreement is already in place between OCC and OCP and this deals with all the working arrangements between the parties, including those specifically related to the building works, and is supported by a nominations/allocations agreement and leases. The allocations agreement allows OCC care managers to place older people with care needs in the

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majority of the 55 properties.

Financial / Budgetary Implications

The revenue savings associated with a 55 place ECH scheme at Shotover are estimated as between £175k and £265k pa. This first figure assumes a third of the places will replace residential care and a third will replace more expensive home care costs and a third will have no care therefore have no impact on savings, whereas the second is based on 50% care home and 50% home support substitution.

Clearly the savings are greater when the ECH flats replace more people coming out of a care home, as would be the case with Shotover. Indeed, OCC would realise immediate cash savings of c£200 per week for each resident leaving the care home and entering the ECH. This is because the accommodation, utilities and food costs, etc are paid for by the individual tenant (or are funded by housing and other benefits and not OCC as is the case in care home fees).

These figures shown that even at a conservative estimate of revenue savings on Shotover we could still justify a Prudential Borrowing (PB) capital investment of £1.2m. The estimated cost of repaying a £1.2m PB loan is estimated to be £2.0m over 25 Years (average £0.08m p.a.).

Communications/ Consultation

This project and its capital and revenue costs have been discussed and approved by the S&CS Older Persons Programme Board (now replaced by the ECH Programme board) and the various County/District Council ECH Governance Boards.

OCC extra care and capital project managers have also been involved in all stages of the project group.

This particular proposal will however be subject to further detailed discussions with residents at OCP care homes and every type of assistance will be given to such residents to enable them move out of their current care home into the proposed new ECH scheme.

Cross - Cutting Themes

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The delivery of extra care housing is a vital part of S&CS strategy to support older people in their own homes and to reduce revenue expenditure on care home placements. This scheme also meets the requirement to use capital investment in order to produce revenue savings.

Large sites for ECH development such as this are very hard to find in the city. There is currently a demand for 459 ECH flats in Oxford rising to a requirement for 498 by 2031. So far there are only 20 ECH flats at Isis with a further 156 proposed at Greater Leys. If this latter scheme and Shotover were to be developed it would mean the City had 50% of its target ECH provision.

The Shotover area is an area of significant deprivation including indicators of low income, high health and care needs, low levels of car ownership and an above average of BEM elders. Its location in east Oxford also makes it an ideal location to replace nearby OCP care homes.

Key Dates/ Procurement Plan/ Timescales

Need to approve this project by March 22nd or sooner in order to allow bpha to submit a reduced bid to the HCA's bid clinic which meets on that date. If the bid is successful this will allow works to commence on site before April 2011. The actual payment of the £1.2m can be deferred to the next financial year or later although this could produce cash flow problems for BPHA.

Conclusion

The Cabinet are requested to approve the capital expenditure for this project in order to meet the above delivery goals and timetable and to help meet S&CS revenue savings targets.

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