



Committee report

Committee	CABINET
Date	8 MARCH 2018
Title	RYDE VILLAGE- EXTRA CARE HOUSING DEVELOPMENT
Report to	CABINET MEMBERS FOR PLANNING AND HOUSING AND ADULT SOCIAL CARE AND PUBLIC HEALTH

EXECUTIVE SUMMARY

1. Ryde Village marks the first extra care development to be delivered as part of the Councils Independent Island Living Strategy that will see a step change in the type of housing provision for older people and adults with learning difficulties (over 55) on the isle of Wight.
2. The Developer has worked with Isle of Wight Adult Social Care Services and the Isle of Wight Clinical Commissioning Group (IoW CCG) to ensure the scheme and tenure mix reflects the Council's Extra Care Strategy approved in July 2017 and is also in line with the associated market position statements.
3. The development, which has already been awarded planning consent, comprises of the extra care scheme that comprises of 63 x 1 bed apartments and 12 x 2 bed shared ownership apartments, as well as bungalows for the over 55s and a number of starter homes. This report covers the extra care scheme elements only.
4. The development of the Extra Care scheme is part of a wider residential development at the site and is financed by a potential capital grant of up to **£3,935,850, from Homes England**
5. The application is expected to be approved by Homes England and in order to access full grant funding for this current financial year, the scheme needs all approvals in by 31 March 2018. It is possible, subject to the level of grant provided to the development by Homes that the Council maybe required to contribute capital grant fund towards the cost of each unit at £5,000 per unit: a total of **£375,000**. This grant contribution figure is in line with the approach as set out in the Island Independent Living Strategy and has been identified within the available capital budget for 2018/19 if required.
6. Cabinet is being asked to note the potential funding of the scheme in two ways:

- Potential capital expenditure of £375,000, subject to agreement of the councils Section 151 officer and Cabinet member for Resources
 - Revenue resource of £100,000 to support the mobilisation plan and reduce the impact of void risk on the viability of the scheme
7. The implications of approving the funding as requested within this report are as follows:
- Deliver improved later life outcomes to Island residents as outlined in the extra care strategy
 - The scheme will be delivered and offer 75 extra care units within the next 2 years
 - The decision will be in line with the Council's recently agreed extra care strategy
 - The scheme will allow proof of concept and test the extra care model and market position statement for the Island
 - Lead to potential cost avoidance of circa £133k per year to Adult Social Care
 - Provide future investors' confidence in the Council's ability to enable development and increase the probability of further schemes coming forward

BACKGROUND

8. In 2017, the Isle of Wight Council approved the Extra Care Strategy and associated market position statement. This strategy identified the need for a new kinds of housing provision for older people and adults with learning difficulties. As part of this strategy, the Council identified the need to support the development of extra care housing and the need to develop this market more rapidly. This reports sets out the scheme including budget requests in order to enable the first extra care scheme on the island to come forward for development.
9. The site in question is a Greenfield site with planning consent located in the seaside town of Ryde on the Isle of Wight and is 4.57 hectares (11.30 acres). The site occupies a large area between Weeks Road and Ashley Road in a residential area lying less than one mile south from the seafront and the heart of Ryde.
10. The site is owned by Richard Warner, the developer is Ashley Homes and the managing agent is Southern Housing Group. The developer has worked with Isle of Wight Adult Social Services and the CCG to ensure that in strategic terms the tenure mix of the scheme reflects the Council's Extra Care Strategy and associated market position statement. The scheme also meets the Island's requirement for independent living accommodation. The full development has been awarded planning consent and is comprised of the extra care scheme as well as bungalows for the over 55s and a number of starter homes. This report covers the extra care scheme only. The developer has been through a tender process to select a Building Contractor and has selected Stoneham Construction who have a significant Island presence.
11. The extra care scheme comprises of 63 x 1 bed apartments and 12 x 2 bed shared ownership apartments. The developer has worked with the Funder, Operator and Commissioners (IWC) to develop a scheme that meets the needs of the client group by adhering to the following design principles:

- A recognisable building: This means a recognisable building form which has a domestic scale and is non-institutional.
- A familiar building: a familiar-feeling building that will give residents a sense of security and calmness
- Attractive entrance: an attractive transition from the street and a welcoming entrance
- Welcoming reception: ensured there is an informal and friendly approach to staffing and layout
- Animated circulation: Hallways the communal circulation areas will be light and visual interest
- Clarity of orientation: positioned lifts centrally to encourage social connection
- Comfortable communal spaces: established comfortable, well lit, familiar, and easy to get around common spaces; maximising views, daylight and connectivity to outdoors

12. The building is underpinned by a series of principles. These have been developed from a residents' perspective by defining the ideal experience of a typical MorganAshley/ Funding Affordable Homes (FAH) extra care development.

- Combat loneliness: Reduce levels of social isolation and loneliness through good quality design
- Fostering community: Encourage mixing of the internal community and break the barriers between residents and their surrounding communities
- Well connected: Focus on connecting residents with their wider community; making it easy for them to get out and around.
- Attractive to the whole family: Develop appealing visitor spaces and facilities to encourage the family to come and visit
- Engaging outdoor spaces: Draw residents outdoors with imaginative gardens
- Attractive communal spaces: Provide flexible communal spaces at the heart of the Extra Care development that encourage use and ownership, and help nurture friendships
- Holistic approach: Combine good design with a well-managed

Extra Care Wellbeing Service

13. Southern Housing Group (SHG) has presented to the Isle of Wight a detailed description of the service being provided along with indicative costs. The revenue model has been developed for the scheme with an identified wellbeing charge that will be levied on residents to underwrite the emergency care service on site and provide 24/7 staff presence.

14. This charge will be aligned with residents own personal budgets and a detailed service charge which will cover the day to day facilities management costs of the scheme. Adult Social Care, Health and Housing have been fully consulted on the level of the wellbeing charge and the key elements that it covers as well as the general operational model.

15. The revenue model will be aligned with a tripartite nominations agreement that will ensure resident profile and care needs take account of available funding for the scheme.

Rent and Service Charge

16. The Developer and SHG have met with Housing Benefit to discuss proposed rents and review the rent and service charge. The core rent of £130.97 per week for the 63 social rented units is in line with Council's strategy of 40% above Local Housing Allowance (LHA) cap which reflects the additional costs of delivering and managing extra care housing.
17. In addition to the core rental charge there will be a variable service charge currently set at £48.58 per week. This charge covers the facilities management and maintenance of the extensive communal and ancillary areas for the development. The charge is variable as being a new scheme various elements are based on estimates and will be varied up or down after the first year against actual expenditure for this itemised charge. However, this figure has been given as an indication subject to further validation and no guarantee can be made at this stage that this figure will be reasonable for Housing Benefit purposes.
18. As well as the core rent and service charge, there is also a well-being charge and this has been established at £45 per resident per week. This has been established in consultation with IWC and SHG to reflect market costs for the services provided.

Homes England (HCA) Application

19. The Developer and the Council met with Homes England to discuss the requirements for grant funding on January 9th 2018. Following this an application was submitted on January 18th by Ashley House (the developer) requesting a total capital grant of **£3,935,850**, comprising of:
 - 63 affordable rent unit x £54,950
 - 12 shared ownership units x £39,500
20. The application is expected to be approved by Homes England but in order to access full grant funding available in this current financial year the scheme needs all approvals in place by 31 March 2018. If this deadline is not met it is likely that Council will be required to contribute capital grant fund towards the cost of each unit at £5,000 per unit: a total of **£375,000**. This grant contribution figure is in line with the approach as set out in the Island Independent Living Strategy and has been identified within the available capital budget for 2018/19 if required.

Void Guarantee and Mobilisation Strategy

21. During discussions the Council were initially asked to take on up to 75% of the 'void guarantee risk', the financial risk associated with units remaining void (empty) to until first let. However following further discussions there are now three methods available that share risk with the operator Southern Housing Group and reduce the financial risks to all parties.

- **Method 1:** Do not set up the scheme based on 75 residents with extra care services from day one – This would mean a ‘flexi extra-care’ scheme is in place with staffing based on known uptake in order to mitigate the void risk/risk share issues. This requires strong partnership working between the Council and Southern Housing Group on mobilisation and nominations in advance of build.
 - **Method 2:** Would see that the apartments and facilities are ‘Extra care ready’, but that the offer of 24/7 services (e.g. wellbeing) would not be provided from the outset.
 - **Method 3:** A financial risk share agreement is put in place between the Council and Southern Housing Group. .
22. This report supports method 1 above and also recommends that revenue resource is allocated to ensure that a robust mobilisation plan is put in place to ensure the successful delivery of this scheme and reduce risks. The report is recommending that a working team is established drawn from across from across the council (including, Revenue and Benefits, Adult Social Care) with an estimated total cost £100k over the mobilisation period to provide backfill and additional posts where required. The Council mobilisation team will work in partnership with Southern Housing Group and other key stakeholders to ensure the scheme is filled as per Option 1 and decrease the risks to the scheme.
23. There is currently a partnership group meeting regularly that includes representation from the Council, CCG, Ashley House and Southern Housing Group. It is envisaged that this group will review its terms of reference and transform to oversee the mobilisation plan. This will include reviewing the governance arrangements during the mobilisation period and details for the personnel who will be involved with mobilisation. There will be formal project reporting on a monthly basis, to include progress against the plan, project issues and associated resolution and/or mitigating actions.
24. The need for a robust mobilisation plan is critical both for the success of the first scheme and also to provide the mobilisation blueprint, realise savings, develop standard operating processes and guidance required for future schemes. The range of activities covered by the mobilisation planning will include
- Working with the Registered Social Landlords (RSLs) and private sector to identify where there is under occupation amongst the current housing stock.
 - Work with adult Social Care and health partners to identify the priority cohorts who would benefit from this housing offer including the over 55’s, disabled people (including those that can be brought out of residential care), people requiring neuro rehabilitation.
 - Training of front line housing and social care staff in respect of the scheme its facilities and services and promoting the benefits of housing options
 - Promotion of and marketing of council supported extra care housing options
 - Identification of a responsible person from each organisation in terms of allocations (The panel members)
 - The Plan will need to include a time line from
 - Sign off of Nominations
 - To agreed panel membership
 - To an agreed assessment process
 - To establishment of waiting list

- Availability of show home
 - Appointment of key scheme based staff
 - Agreed letting management process (i.e. maximum number of moves a day)
 - Agreed review structure of allocations against target
 - A joint Marketing strategy with SHG and ownership of said strategy
25. Work on the Mobilisation plan will commence in earnest once Financial Close and scheme approvals are in place and will run throughout the construction phase and continue during the first 12 months of the scheme being in place.

Demand and future users

26. The extra care strategy has identified the need for over 143 units of Island Independent Living to be built every year for the following 10 years. This scheme will meet nearly half of the requirement for 2020. In order to assess the demand for this scheme and therefore mitigate the risk to the council's budget from void units, the following data has been mined:
- IWC housing register – currently 85 band 1 and 2 applicants (over the age of 60) who would qualify for a flat within this development
 - SHG – currently 14 residents on the waiting list for their residential care home
 - SHG – currently 340 elderly, vulnerable or disabled adults with high care needs who would be suitable for moving into a scheme of this nature to free up general needs housing
 - SHG – 610 retired / retiring couples with higher than average levels of disability and support needs who would be suitable for moving into this type of accommodation
27. Vectis and Sovereign Housing associations will also have cohorts of residents who would be suitable to move or downsize into this type of accommodation. It is reasonable to assume therefore, that there is sufficient demand to fill the 63 social rented units and further reduce the financial risk to the council. Of greater interest, is how many placements adult social care would be seeking to make into this scheme that will result in cost avoidance against adult social care budgets.
28. In 2016/17, 69 residents were placed in residential care homes. In 2017/18, ASC placed 35 residents in long-term residential care home placements. While the overall aim is to reduce the number of individuals being placed in expensive residential care units, as extra care offers a different model, we have also looked at the number of residents receiving in excess of 10 hrs care per week as this client group would be ideal to encourage to move into extra care . Therefore, a likely estimate of the number of residents ASC will be seeking to place in this scheme is 32 (50% of the scheme).
29. It is important to note that, whilst extra care offers the ability to avoid and or offset costs the long term change in demographics and in particular the growing older population will continue to put increasing demand for social care and pressure on the overall adult social budget position.

STRATEGIC CONTEXT

30. In July 2017, Cabinet approved the Council's [Extra Care Strategy](#) and [Market Position Statement](#) which outlined the Council's intention to invest up to £23m of capital along with the enabling revenue to deliver up to 1287 units of Island Independent Living within mixed tenure schemes by 2030. Ryde Village is the first scheme to come forward that will deliver 75 units of mixed tenure Island independent Living units.
31. In line with the corporate plan, the impact of approving the recommendations contained within this report, will deliver growth within the economy, more specifically within the construction industry on Island. This scheme will also support protecting the most vulnerable with health and social care, showing specific investment in support, prevention and continuing care and will also make best use of resources as there is a significant saving to be achieved to the adult social care budget for each older person prevented from having to be placed in residential and / or nursing care.

CONSULTATION

32. There is ongoing discussion and consultation has been had between the Council, the developer, Southern Housing group and the funding body Homes England. Regular meetings have been held to discuss the financial viability associated with this site and the higher construction costs as well as the void risk due to this being the first extra care scheme on the island.
33. The Extra Care Strategy approved in 2017 was developed in consultation with services from across the Council, individuals, their families and carers and user groups. This is detailed in the report approved by Cabinet in July 2017. Consultation. As the recommendations contained within this report are in line with the Extra Care Strategy, no further external consultation is required.
34. As part of the mobilisation plans there will be extensive and ongoing communications and consultation with a range of stakeholders. Beyond partners already referenced this will include but not limited to:
 - Local residents
 - Town and Parish Councils
 - Voluntary and Community sector organisations and groups
 - Independent sector care providers
 - Housing organisations

FINANCIAL / BUDGET IMPLICATIONS

Capital expenditure:

35. The Developer and the Council met with Homes England to discuss the requirements for grant funding on January 9th 2018. Following this an application was submitted on January 18th by MorganAshley (the developer) requesting a total capital grant of £3,935,850, which equates to the following funding per unit: 63 affordable rent unit x £54,950 and 12 shared ownership units x £39,500

36. The developers have demonstrated to Homes England the challenges on Island in terms of higher build costs versus lower rental yields and Officers of the Council accept these viability challenges. The application is expected to be approved by Homes England and in order to access full grant funding for this current financial year, the scheme needs all approvals in by 31 March 2018. If this deadline is not met it is likely that Council will be required to contribute capital grant fund towards the cost of each unit at £5,000 per unit: a total of £375,000. This grant contribution figure is in line with the approach as set out in the Island Independent Living Strategy and has been identified within the available capital budget for 2018/19 if required.

Revenue Resource Support:

37. To further reduce the risk to the first scheme of this kind ensuring it is filled and made best use of, this report is seeking £100,000 of resource to be made available to support the establishment a mobilisation team to work alongside Southern Housing Group to move people into the scheme as quickly as possible.

CARBON EMISSIONS

38. There is an expectation that all extra care housing developments will be in line with the Council's Carbon Management Plan which aims to reduce Council carbon emissions by 6% per year. Requirements for this scheme were addressed as part of planning approvals.

LEGAL IMPLICATIONS

39. The council can provide a grant and allocate revenue resources should it wish to do so. If a grant is provided an appropriate grant agreement will be entered into to ensure the money is used appropriately.

EQUALITY AND DIVERSITY

40. The equality impact assessment for the extra care strategy identified the strategy will positively impact on older people and older people with disabilities. Housing opportunities will be created for younger people and younger people with disabilities as eligible groups of older individuals leave existing social housing to move into Independent Island Living. There were no negative impacts. It is not considered necessary to revisit this impact assessment for this scheme.

PROPERTY IMPLICATIONS

41. There are no property implications as the Council will not own or manage any of the properties being built. The capital grant is a grant and there is no entitlement to ownership as a result of this grant.

SECTION 17 CRIME AND DISORDER ACT 1998

42. Crime and disorder issues will only be of concern when the scheme is occupied. The profile of residents living in the scheme may have an impact. This will need to be addressed as part of the mobilisation plan in relation to who is being placed in the scheme. This will be done by SHG in conjunction with IWC as part of the mobilisation plan and then SHG will deal with issues such as anti-social behaviour as per their current housing management policies.

OPTIONS

43. Two options have been looked at in relation to this report:
- (a) Do not approve the request for capital and revenue funding.
 - (b) Note the request for up to £375,000 capital funding and £100,000 revenue (mobilisation funding) and delegate approval, if required, to the councils Section 151 officer and Cabinet member for Resources

EVALUATION

44. Option (a) – Do not approve the request for capital and revenue funding will result in no change for the provision of improved housing options for older people and adults with learning difficulties (over 55) on the Isle of Wight and will contravene the Council's own extra care strategy. The implications of a do nothing approach are as follows:
- The scheme may not be built as it may not be viable
 - The Council will be acting against its own recently approved extra care strategy and market position statement
 - The Council will lose the investment confidence of future extra care developers / providers
 - Adult social care will be unable to make significant savings to their budget in the longer term.
45. Option (b) – Indicate support in principle for the capital and revenue funding as requested. This will deliver a step change in the type of housing provision for older people and adults with learning difficulties (over 55) on the
46. Isle of Wight and is in line with the Council's extra care strategy. Option (b) allows for long-term cost avoidance to adult social care and increased revenue to the Council from 2024 onwards. The positive implications of approving the funding are as follows:
- Deliver improved later life outcomes to 75 Island residents as outlined in Council's 'Care close to home' and extra care strategies.
 - The scheme will be delivered and offer 75 extra care units within the next 2 years
 - The decision will be in line with the Council's recently agreed extra care strategy
 - The scheme will allow proof of concept and test the extra care model and market position statement for the Island

- Provide investors' confidence in the Council's ability to enable development and increase the probability of further schemes coming forward
- Deliver cost avoidance to adult social care with potential for cashable savings.

RISK MANAGEMENT

47. The table below provides a brief overview of key risks identified with this project. The joint project group has operational oversight of risks associated with delivering the Ryde Village scheme. This multi- agency project group, comprising the Council, CCG, developers and Registered Social Landlords (RSL) will identify and assess risks, likelihood and potential impact and identify mitigation on a regular basis. All risks will be monitored and a change in risk status will be included within project status reports with escalation through to Corporate Management Team where necessary.

Description of risk	Mitigation and controls
<p>Organisation & Reputational risk:</p> <p>The Council do not approve the funding as requested in this report set out as option B. The implications of this outcome are as follows:</p> <ul style="list-style-type: none"> - The scheme is unlikely to be built as it is not viable - The Council will be acting against its own recently approved extra care strategy and market position statement - The Council will lose the investment confidence of future extra care developers / providers - Adult social care will be unable to make significant savings to their budget in the longer term. 	<p>A joint project group is in place across the Council with oversight from the Directors of Adult Social Care, Regeneration and Place.</p> <p>The project team has led the work to date and considered options outlined in this paper.</p> <p>The project team is responsible for developing the project development and will lead the work on the mobilisation and delivery plan, jointly with the developers and Southern Housing Group.</p>
<p>Revenue risk:</p> <p>The council is exposed to financial risk linked to any potential capital required for this development.</p>	<p>A detailed financial model has been developed to work through different scenarios and testing different variables. The model is based on financial information obtained from the developer, SHG, Adult Social Care, Council Tax and the extra care strategy.</p> <p>To further reduce the risk to the Council and to ensure the first scheme of this kind is filled and made best use of, this report is seeking £100,000 of resource to be made available to support the establishment a mobilisation team to work alongside Southern Housing Group to move people into the scheme as quickly as possible.</p>
<p>Planning & Delivery Risk</p> <p>Delays with planning, legal and Homes England approvals, jeopardise sign off and delivery timelines</p>	<p>A joint project group is in place across the Council with oversight from the Directors of Adult Social Care, Regeneration and Place.</p>

RECOMMENDATION

48. Option (b) - Note the request for up to £375,000 capital funding and £100,000 revenue (mobilisation funding) for the Ryde Village Extra Care scheme and delegate approval, if required, to the councils Section 151 officer and Cabinet member for Resources.

BACKGROUND PAPERS

Cabinet Report 13 July 2017 – [Island Independent Living](#)

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