

EXECUTIVE BOARD DECISION



REPORT OF:	Executive Member for Health and Adult Social Care Executive Member for Resources
LEAD OFFICERS:	Director of Adult Social Services (DASS) Director of Localities and Prevention
DATE:	8 September 2016

PORTFOLIO/S AFFECTED:	Health and Adult Social Care	Resources
WARD/S AFFECTED:	Ewood	
KEY DECISION:	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

SUBJECT: Development of Extra Care supported housing at Albion Mill

1. EXECUTIVE SUMMARY

The Council has an opportunity to work in partnership with Verum Victum Ltd. and Inclusion Housing to nominate older residents for a new scheme which will be developed to provide between 90-100 units of Extra Care and Dementia/Mental Health accommodation following an Expression of Interest.

The scheme also includes plans for 12 units of intermediate care that will be developed by Verum Victum at their risk. The intended scheme at Albion Mill has full Planning Permission and Verum Victum will fund the capital development costs. The developer is committed to building the scheme at their own risk provided the Council will agree to Housing Benefit payments, a Nominations Agreement and a risk share agreement on voids in the lead in to full occupancy, as described in the body of this paper.

2. RECOMMENDATIONS

Executive Board is asked to note the terms of the partnership and agree:

1. To the Council entering into a contract for a nomination agreement to cover the initial commissioning and subsequent re-letting of the scheme to provide Extra Care and Dementia/Mental health housing and that the Council works in partnership with Verum Victum and Inclusion Housing.
2. Delegation of authority to the Director of Adults Social Services, the Director of Localities and Prevention and the Director of Finance and IT in consultation with Executive Members for Health and Adults and Resources to negotiate and agree the terms of the Nomination Agreement.

3. BACKGROUND

Blackburn with Darwen Borough Council has identified a need for additional accommodation for older people as a priority within the Older Peoples Housing Strategy 2011-2016. The development of dementia care, extra care and older people's accommodation fits within the broader strategic plans to offer older people a wide range of housing and support options.

An Expression of Interest was issued in October 2014 to appoint a partner to work with the Council to

develop Extra Care, Dementia Care and Intermediate Care. The successful partner would work together with the Authority to develop the specification for the scheme and deliver a build and housing management programme. The partner would be responsible for pre-construction work, obtaining planning permission, design, construction, operational costs and housing management.

The Expression of Interest was for 90 to 100 units of one and two bedrooled apartments with the accommodation mix:

- 50% of Units are to be allocated for Extra Care
- 15% of the Units are to be allocated to Intermediate Care
- 35% of the Units are to be allocated to Dementia Care

The Expression of Interest required that rental and service costs for extra care units should be affordable and in line with similar facilities within the borough. For a suitable scheme the Council would require 100% Nomination Rights.

Verum Victum, a private developer specialising in supported housing, reached an acceptable threshold for their bid submission which enabled negotiations to start with the Council. Their development finance model is dependent on 100% nominations from the local authority and higher rates of housing benefit to support vulnerable people (exempt accommodation status).

Verum Victum's housing partner Inclusion Housing, a registered provider (housing association), will have a twenty year lease to manage the scheme and act as landlord. The Council has experience of working with Inclusion Housing at Moorgate Mill.

The scheme at Albion Mill received full Planning Permission 18th September 2014

At this stage a care provider has not been identified and will be commissioned during the construction phase. The Council has a block contract for care and support in the remainder of its extra care schemes and Albion Mill, subject to procurement advice, will either be tendered out or accommodated through a variation to the existing contract.

4. KEY ISSUES & RISKS

The scheme presents an opportunity to deliver a further quality Extra Care housing scheme within the Borough, providing specialist accommodation for older people including Intermediate Care and units for Dementia /Mental health.

The build period is likely to be 18 months. Verum Victum would require that housing benefit is agreed in principle before construction starts.

There are a number of risks associated with working with Verum Victum:.

The capital costs of development and construction contract risk remain exclusively with Verum Victum.

Verum Victum have now confirmed that they are committed to building the scheme, with no development capital subsidy from the Council, at their own risk provided the Council will cover the Housing Benefit, Nominations agreement and void costs from the handover date of the scheme to it becoming full (which could take up to 6 months). The terms requested are consistent with most recent schemes the Council has commissioned and where the Council has put in subsidy. This now makes the offer from Verum Victum for Albion Mill competitive and offers the Council good value for money and a scheme the authority is now able to support.

The Council in the capacity of partnership working with Verum Victum would look to assist in

discussions with Clinical Commissioning Group (CCG) and NHS Acute Trust on agreeing 12 Intermediate care beds either for Dementia or Mental health. Work has started on identifying Mental Health housing needs and there is a market for this product.

In the event of Verum Victum not being able to secure a commission through the CCG and the NHS Acute Trust the Council will provide a safety net for the 12 units to be used for Extra Care or Dementia/Mental Health beds consistent with the main nomination agreement. This will include meeting any revenue gap above the cost Extra Care or Dementia/Mental Health.

Throughout all negotiations it has been made clear to Verum Victum that the decision to go ahead with the development and construction is solely at their risk.

The relationship between the developer and proposed manager of the scheme, Inclusion Housing, is dependent upon the Council agreeing to a nominations agreement. The Nomination Agreement commits the Council to cover:

1. Pre-tenancy voids capped at an upper limit through a contingency fund which will be held by the Council and paid only when the void period has been verified.
2. Subsequent turnover/relet voids. Discussions are continuing with Inclusion Housing to use void allowance that is collected as part of the rent to self-insure turn over voids reducing the financial risk to the Council.
3. Longer term voids of 9 months or more. However need and demand is considered to be strong and this is not a major risk.
4. Any reductions in rental created by changes to benefits. The scheme is highly dependent on higher rate (exempt accommodation) housing benefit for the Dementia part of the scheme. Initial indications are that this may be acceptable but the detail is still to be agreed. Exempt accommodation regulations may in the future be affected by roll out of Universal Credit which could impact financially on the Council.

The basis of this agreement is similar to the agreement in place for Shorey Bank.

Whilst the Council will target the scheme to meet local needs via the 100% nomination rights, there is a risk that at some point we are unable to find sufficient people to nominate to the scheme particular if there is overlap with commissioning of Shorey Bank. Plans will be made to ensure a phased approach to stage supply reducing the need for void cover. Both schemes are based on a balanced mix of low, medium and high demand users. Based on current and projected demand the risk is low, however still needs to be planned for.

5. POLICY IMPLICATIONS

The scheme would help to deliver the targets set in the Older Peoples Housing and Well Being Strategy.

At this stage including Shorey Bank in our tracking, Albion Mill development would take us within 27 of our target for Extra care Housing. This figure has been based on the Council's strategy which set out to develop a supply of 515 Extra Care and Dementia units by 2020, and includes latest advice on estimating need from the Learning and Improvement Network.

Given the longer term demographic projections of population growth and older people living longer the Council's strategy is on track and helps mitigate future risks of unmet demand.

The Older Peoples Housing and Wellbeing Strategy is now 5 years old and whilst demand and supply projections are updated annually the whole strategy will require updating to ensure that it reflects the achievements to date and emerging needs/trends to support our older residents into the future.

6. FINANCIAL IMPLICATIONS

Additional supply of extra care housing and dementia provision would offset savings in residential care placements in the region of £200k to £240k per year, this is assuming 10% of residents (10 people) at the scheme would otherwise use residential care each year at a cost on an average weekly rate of £461.

There may be a call on the Council to cover rent loss on longer term empty properties depending on the detail of the nominations agreement and the self-funding insurance policy. This has been touched upon in the section on risks. The Council will need to ensure that it manages risk of oversupply.

Changes to Housing Benefit Policy affecting 'Exempt Accommodation' may impact on rental income and the Council may have to cover these costs. In the absence of the Government being able to make a firm commitment this remains an unquantifiable risk. It is certain that demand for specialist older persons housing will remain and therefore the Council has limited choice other than to accept this risk. An agreement has also been made for Shorey Bank along the same lines.

7. LEGAL IMPLICATIONS

The Council would need to negotiate and enter into a contract for the Nominations Agreement with Inclusion Housing. Any contract for the nominations agreement needs to ensure that the Council is fully aware of the contractual relationship between Verum Victum and Inclusion Housing and that its interests are safeguarded in the event of any contractual disputes between the parties. Because the Council has been careful to not be involved in the scheme's physical construction it will be expected that there will need to be mechanisms in place that enable the Council to potentially extricate itself if the development is not completed and commissioned within a reasonable period of time. This and other contractual details will be negotiated and agreed in accordance with the delegations set out in the Recommendations.

The Council note the position on housing benefit and the potential legal risks of future policy changes which is noted primarily due to a lack of future certainty.

8. RESOURCE IMPLICATIONS

Significant staff time has been spent in negotiating and assessing the viability of the scheme. Project Management going forward would be from existing resources.

It is proposed that the Council uses Adult Social Care Funding to fund the pre-tenancy voids referred to herein. There is potential for the use of shared Health and Care Better Care fund monies to be utilised for this purpose, which increase significantly through central government funding in 2018-19. It is suggested a schedule of all such similar agreements is regularly monitored and updated to be fully sighted on our residual liability at any time. This would also help inform future commissioning.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

10. CONSULTATIONS

The scheme will have significant benefits to health, well-being and supporting independence for frail older people. The draft scheme has been subject to a local consultation exercise through the planning process and was well received.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	0.3
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CONTACT OFFICER:	Steve Tingle, Director of Adult Social Care Sayyed Osman, Director of Localities & Housing
DATE:	01 August 2016
BACKGROUND PAPER:	Older Peoples Housing Strategy 2011-2016