

**OPEN**

**Adults and Health Committee**

**20<sup>th</sup> November 2023**

**Investing in Extra Care Housing**

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**Report of :** Helen Charlesworth-May, Executive Director of Adults Health and Integration

**Report Reference No:** AH/24/2023-24

**Ward(s) Affected:** All Wards

### **Purpose of Report**

- 1 The purpose of this report is to seek an in-principal decision to the provision of capital funding to support the development of Extra Care Housing (ECH). The intention of such provision is to stimulate the market to prioritise the development of the council's model of ECH.

### **Executive Summary**

- 2 There is a national issue regarding an aging population and the lack of suitable housing to support that population. As part of the Levelling Up White Paper the government has launched a taskforce to improve housing options for older people. The work of the taskforce will be taken in partnership with the Department of Health and Social Care, building on the commitments set out in DHSC's adult social care reforms.
- 3 Cheshire East has already included in its Corporate Plan a priority to "Reduce the reliance on long-term care by improving services closer to home and providing more extra care facilities, including dementia services." And "To prioritise Home First for patients discharged from hospital. Where possible patients are discharged to a home of their choice.
- 4 Overtime the provision of more housing options, particularly ECH, will reduce the councils need to purchase residential care beds and concentrate on only purchasing complex nursing or specialist dementia care home beds.

- 5 Increasingly extra care housing is recognised as an essential component of joint commissioning by health and social care. Extra care is now being used for intermediate care and rehabilitation as well as longer term housing. Extra care developments provide a focus for integrated working to meet housing, health, and social care needs.
- 6 ECH is a specialist form of housing specifically designed to support older people to remain as independent for as long as possible but also to support them as their care needs increase. The key factors that differentiate ECH from sheltered housing or retirement housing is the provision of;
- 24-hour care staff based on site.
  - Good design with large sized accessible flats with wet rooms.
  - Built in assistive technologies, including personal alarm systems.
  - Safety and security built into the design with fob or person-controlled entry.
  - Good communal space and facilities to support a range of activities which could include, a café, hairdressers, small shop etc.
- 7 This report focuses on the need for additional Extra Care Housing (ECH) and how the council can help to assist in promoting its development.

## RECOMMENDATIONS

The Adults and Health Committee is recommended to:

1. Approve in principle the use of capital funding and revenue measures to support the development of Extra Care Housing.

## **Background**

### **The Need for Extra Care Housing**

- 8 In Cheshire East we have an ageing population with an older than average demographic (22.5% of the local population is over 65 compared to 18% of the population for England).
- 9 This predicted increase provides several significant challenges to Cheshire East, especially in relation to providing suitable housing provision which is available at the right time in an individual's life. Not only does this provision need to be provided at the suitable time in a resident's life; it needs to be in an appropriate location in the borough and be able to provide the type and level of care and support for their needs.
- 10 It is nationally recognised that most older people do not wish to end their days in residential care, although we equally recognise this is often an outcome created through the exceptionally complex needs and frailty of the individuals we support.
- 11 As part of our Home First strategic approach we aim to support people at home or through specialist housing provision where possible and reduce the number of people moving into residential care.
- 12 It is acknowledged that there is no single suitable solution to solve housing issues for older persons and that the ECH option may not suit certain more rural localities. It is therefore essential that there are several various models of housing opportunities and options for older people across the borough. However, this report is concentrating on the ECH model.
- 13 The need for extra care provision in Cheshire East was investigated in the Opinion Research Services (ORS) Residential Mix Assessment 2019. This gave an initial starting point in terms of current and additional need over the local plan period, as detailed below.

Extra Care Demand	Rate per 1,000 persons aged 75+	Existing Supply 2015	Gross Need 2030
Owned	40	172	2,508
Rented	31	545	1,943
<b>Total</b>	71	717	4,451

(Above table is an extract from the Modelled Demand for Older Person Housing in Cheshire East based on Housing LIN Toolkit)

- 14 Given the above and if the size of a new ECH development is circa 70 units, then from now until 2030 Cheshire East requires approx. **19** new rented and **32** owned ECH schemes to be built in the next 7 years.
- 15 These figures also relate to the whole population, and it is to be expected that a percentage of this need will be met by the private sector. Nevertheless, the demand for affordable ECH is significant and it is this model on which this report focuses.

### Current Supply

- 16 Currently, Cheshire East Council commissions care for four Extra Care Housing schemes (Oakmere in Handforth, Willowmere in Middlewich, Heath View in Congleton, and Mill House in Crewe). Oakmere and Willowmere were commissioned by Cheshire County Council as part of the Cheshire PFI project alongside the former Beechmere in Crewe.
- 17 In total, there are 212 units of ECH accommodation in Cheshire East consisting of one or two-bedroom apartments. This figure does not include the 132 units that were provided in Beechmere.
- 18 All of the schemes have a mixed tenure model of rented and shared ownership, but the PFI schemes also include outright sales.
- 19 However, these schemes were built more than 10 years ago and there has been no new supply, where the council commissions the care, built since then.
- 20 The council has identified two potential sites for the development of ECH at Delamere and Chester Street, Crewe and Handforth Garden Village.

## The Benefits of ECH

### Care and Wellbeing

- 21 ECH allows residents to maintain their independence as residents have their own self-contained accommodation.
- 22 ECH can support people with a wide range of needs from those with a low level of assessed care needs to people with a relatively high level of need for care and support. The aim is generally to ensure that there is a wide range of care needs amongst the residents so that they can provide support and companionship for each other.
- 23 A study undertaken by East Sussex County Council in 2013<sup>1</sup> strongly supported the hypothesis that extra care housing is a preventative model, supporting independence and avoiding admissions into residential care.
- 24 The presence of an onsite care provider in ECH schemes means that there is the ability to respond in an emergency or just somebody on hand to keep an eye on residents.
- 25 ECH schemes promote social inclusion allowing residents to socialise due to the provision of on-site communal facilities and other amenities such as restaurants, hairdressers, libraries etc.
- 26 ECH schemes offer the opportunity for organised activities e.g. bingo, exercise classes either on site as means of social interaction and promoting the health and wellbeing of residents. The hourly cost of care in an ECH scheme is generally lower than that in domiciliary care due to economies of scale, reduced travel time and costs.
- 27 Care needs often reduce after someone goes into extra care housing due to 24-hour on-site care provision and living in accessible accommodation. People in extra care housing may use less care (domiciliary/home care) hours than if they were living in the community. Research has indicated that people living in extra care housing needed less formal care, as measured by the size of their 'care packages' than a control group in the community. After moving into the extra scheme

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<sup>1</sup>[https://www.housinglin.org.uk/assets/Resources/Housing/Practice\\_examples/Housing\\_LIN\\_case\\_studies/HLIN\\_CaseStudy78\\_EastSussex.pdf](https://www.housinglin.org.uk/assets/Resources/Housing/Practice_examples/Housing_LIN_case_studies/HLIN_CaseStudy78_EastSussex.pdf)  
<https://www.housinglin.org.uk/Topics/type/Demonstrating-the-Health-and-Social-Cost-Benefits-of-Lifestyle-Housing-for-Older-People/>

their care package costs reduced and were 16% lower compared to the cost pre-admission.

- 28 It is frequently easier to recruit care staff to an ECH scheme than in domiciliary care due to the static location of the scheme. This means that the care provider is often able to recruit non drivers and there is no issue over who pays for travel time.
- 29 In summary, ECH combines all the independence of domiciliary care with the peace of mind that comes with onsite care provision offered by residential care at an affordable cost to the local authority. The impact of ECH on the care market should mean that It is likely that the population in residential/nursing care will reduce slowly and that those that move to residential care will be there for a shorter period of time.
- 30 In addition to the benefits to the social care system there is evidence that ECH can also benefit the health care system which are:-
- Reduced visits to GPs
  - Reductions in use of community nursing services
  - Reduction in length of hospital stays
  - Reductions in hospital admissions
  - Reduced ambulance and emergency call outs
  - Reductions in care and care equipment costs
  - Reduced likelihood of entering a care home or other long-term care
- 31 ECH units can also be used as “step down” accommodation to support timely discharge from hospital where the patient is medically fit for hospital discharge but requires additional support before they are able to return their own home. Adult and health services staff are currently working to introduce a pilot project for such accommodation, known as pathway flats, into some of the existing ECH schemes.
- 32 The most comprehensive recent research to support the above and the financial case below is contained in a paper produced by Cambridge University which uses data consolidated from a group of research documents. The link to this paper is below.

[extra-care-housing-the-current-state-of-research-and-prospects-for-the-future.pdf](#)

## Financial

- 33 Below is an analysis of the average unit costs of care provision in Cheshire East for different models of care. It demonstrates the potential for driving down overall care costs as need rises.

Care provision	65+	75-84	85+
Accommodation with Care (residential/nursing)	£892	£878	£892
Extra Care Housing	£151	£163	£122
Care at Home	£313	£321	£335

- 34 By diverting older people into ECH the above figures should be viewed as being a cost avoidance measure rather than a direct saving.
- 35 ECH is more cost effective than traditional residential or nursing models of care. A case study undertaken by East Sussex County Council (ESCC) in 2013<sup>2</sup> showed the costs of ECH to be about half the costs of residential care.
- 36 The study also found the following:-
- If people were not placed in ECH then 37% of people would require domiciliary care in own home/sheltered housing and 63% of people would require residential/EMI/ nursing care.
  - the cost of a placement in extra care housing is half that of the alternative placement or care package.
  - people at the high end of the medium dependency level are often the greatest beneficiaries of extra care housing and they are also likely to provide ASC with a significant cost saving.
  - The return on capital investment is 1.5 years best case scenario and 3.3 years worst case scenario (based on capital contributions by ESCC of £3.1m in the 5 schemes and on gross savings)
- 37 Following detailed financial analysis and scrutiny, ESCC concluded that extra care housing schemes offer considerable value for money in both

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<sup>2</sup>[https://www.housinglin.org.uk/assets/Resources/Housing/Practice\\_examples/Housing\\_LIN\\_case\\_studies/HLIN\\_CaseStudy78\\_EastSussex.pdf](https://www.housinglin.org.uk/assets/Resources/Housing/Practice_examples/Housing_LIN_case_studies/HLIN_CaseStudy78_EastSussex.pdf)

gross and net costs compared to the costs which would have been incurred in alternative placements/care packages

38 Other research has found that the following: -

- “The value derived from sheltered housing and extra care housing can be found in benefits to the individual, to the community and to the taxpayer, mostly as a preventative service. [Research for the National Housing Federation](#) identified clear financial benefits that are delivered by sheltered and extra care housing to local authorities across health and social care, not least in increasing independence and reducing or delaying the need for older people to enter residential care.
- [Research by the Strategic Society](#) found that a new specialist retirement housing unit may result in the savings to the state, per person of approximately **£83,000**.
- From a range of evidence reviewed, by the Housing LIN the specific cost-benefits have been calculated and are shown in the table below drawn from the data produced for Southampton City Council. [Southampton City Council](#) as referred to in paragraph 31.

<b>Area of cost-benefit/savings</b>	<b>Cost benefit/saving (per extra care housing resident per year)</b>
GP visits	£144.78
Community nurse visits	£362.55
Non-elective admissions to hospital	£624.11
Delayed Transfer of Care ‘days’	£465.30
Falls	£380.00
Reduction in scale of domiciliary care packages	£427.98
Reduced loneliness	£ 36.30
<b>TOTAL</b>	<b>£2,441.02</b>

39 Should the council use a capital investment option in an ECH scheme then the analysis of the cost benefit of ECH over traditional residential care is largely dependent on the ability to achieve the care mix model.

40 Currently In Cheshire East the care mix model is set at 30% low, 30% medium and 30% high but this has not been achieved in any of the existing schemes where most of the current residents are receiving no care at all. Whilst the council does have nomination rights for the existing units this is very difficult to exercise in a tenure mix which includes private sales and shared ownership.



- 41 Additionally, the relatively small scale of some of the exiting schemes discourages having residents with high care needs or dementia. It also impacts on the quality and cost of the care provision. Where there is a higher care demand it is easier for providers to invest in developing the skill levels of the staff in areas such as dementia management.
- 42 As previously stated, the more people which fall into these care need percentages then greater the potential cost savings and the more people that are diverted from residential care.
- 43 A review of the allocations process, currently in progress, will introduce a greater emphasis on proactively identifying and encouraging suitable people to move into ECH. Should any of these have either just moved into a residential care home or from their home in the community where they have a high-cost care at home package, then in these instances savings will be made.
- 44 However, if there are decisions that do not support either the proposed care mix or requires smaller scale developments then the level of subsidy must increase and there will be less impact on driving down the demand for care bed places.

## Good Design

- 45 The design of extra housing schemes is critical to its ability to deliver the outcomes sought for its residents and the council. A well designed ECH scheme should create an environment that is domestic and homely, one of which residents can be proud and that enhances their quality of life. Its design should facilitate the efficient delivery of care and support for the residents and enable the staff to manage both the building and care delivery.
- 46 There are several sources available for the specification of good quality ECH many created from build experience. For Cheshire East it is recommended its specification should include the following: -
- Good sized self-contained units that are fully accessible.
  - 24-hour care provided on site by a care team commissioned by the council,
  - The council to have nomination rights for 100% of the units,
  - Includes the option for “pathway” flats for intermediate care and rehabilitation,
  - Good design in line with HAPPI principles and using the Housing LINs design guide.
  - Good communal space and facilities to support a range of activities which could include, a café, hairdressers, small shop etc.

- Built in assistive technologies, including personal alarm systems.
- Safety and security built into the design with fob or person-controlled entry.

- 47 Well designed ECH is by its nature a more expensive build than conventional flat designed housing. The flat sizes are significantly larger as they are designed for wheelchair accessibility throughout and have walk in wet rooms. The typical size of an ECH one and two bed flat are 54sqm and 68sqm respectively, compared to that for flats meeting the national space standard of 39sqm and 50sqm. This space design continues into the size of corridors and communal areas. Additionally, these flats need lifts and ideally there should be 2 in each building.
- 48 All of these elements will feed into not only the overall cost of the build but in turn the level of rent and service charges that will need to be made to cover the developments costs. However, these build elements are important in ensuring a successful ECH scheme that can meet the needs of an aging resident population.
- 49 To offset the high cost of the build developers will put in a varied tenure mix which will often include outright sales and shared ownership units as well as rented. This was the case with some of the existing schemes built under a PFI arrangement. In the recommended model of all affordable units, it is proposed that these will only be of a rented tenure.
- 50 Another option would be to scale up the size of the development. The indications from the market are that a viable size for an affordable development of ECH is circa 70 units. This would have the effect of driving down the rent and service charge levels. It would also mean that the provision of the care would become more cost efficient.

The documents below provide detailed information on the need for and the design of good quality ECH and explains how the costing models work.

[Happi\\_Final\\_Report.pdf \(housinglin.org.uk\)](https://housinglin.org.uk/Happi_Final_Report.pdf)

[Design-Principles-For-Extra-Care-Housing-3rdEdition.pdf \(housinglin.org.uk\)](https://housinglin.org.uk/Design-Principles-For-Extra-Care-Housing-3rdEdition.pdf)

[Design-and-Cost-in-Extra-Care-Housing\\_June-2020\\_RevC.pdf \(housinglin.org.uk\)](https://housinglin.org.uk/Design-and-Cost-in-Extra-Care-Housing_June-2020_RevC.pdf)

## **Consultation and Engagement**

- 51 No consultation on this specific issue has taken place at this stage as this is an in principal decision only.

- 52 Consideration will be given to consultation and engagement as part of any subsequent business cases if the proposals contained therein mean this is appropriate.

## **Reasons for Recommendations**

- 53 In the Corporate Plan under the priority “A council which empowers and cares about people” it says, “Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services”.
- 54 The upfront capital cost required to build a scheme is prohibitive for a local authority acting alone and, in any case, as a non-stock holding authority without a Housing Revenue Account the Council does not have the ability or technical expertise in house to deliver ECH alone.
- 55 The Council could rely on private developers or registered providers to deliver ECH with the only local authority involvement being via the planning process. Under this option the council has limited influence over the development and financial model and no influence over allocations. It is also debatable whether such private developments can be classified as true Extra Care Housing schemes since few have on site care and support available and are more akin to enclosed retirement schemes with a communal lounge available for residents.
- 56 Housing with care on site involves greater up-front costs than ordinary housing and hence is a higher risk for any developer. If provision is not available inevitably people fall back onto an institutional response of hospital and residential care. Often a housing move is precipitated by a crisis when people are ill. So inevitably the choice comes down to what is available.
- 57 The most cost-effective route to develop ECH that would allow the Council to retain a degree of influence over the development and financial model and a potential share in housing nominations is via a partnership with a third party such as a Registered Housing Provider, care provider or private developer. But the council must have an effective allocations process to ensure that the residents match the council’s priority for providing care support.
- 58 To support adult services most effectively the model of all units being prioritised is for schemes to consist of all affordable units, primarily rented but there may be opportunities to include some shared ownership units, but this will depend on several factors including location.

- 59 In the context of ECH the term affordable in relation to rent levels means 80% of market values, so above social and often above Local Housing Allowance (LHA) rent levels. It should be noted that these higher rent levels are still eligible for housing benefit. The overall cost for a resident in ECH includes the following:
- Rent
  - Service Charge
  - Wellbeing Charge, (also known as core care charge)
- 60 The combination of these charges is often seen, on first viewing, as prohibitive when compared to some other market options or to a person remaining in their own home. However, this is not necessarily the case and councils need to work with the registered providers (RP) to provide advice on such comparisons so that all factors are considered and help potential residents to evaluate the benefits of ECH.
- 61 Any RP developing an ECH scheme will probably apply for Homes England grant. This type of subsidy will significantly assist in driving down the rent and service charge levels. Nationally 20% of the current grant allocation is for specialist housing and ECH qualifies for this.
- 62 There are several ways in which the council can provide support to the development of ECH, and this can include both capital and revenue options and some of these options have been used on the existing ECH schemes.
- 63 These options are expanded upon in the Appendix 1. However, employing some of the above will indicate to the market that the council is committed to the delivery of affordable ECH.

### **Other Options Considered**

- 64 The council could build ECH schemes itself but there is insufficient land in the council's property portfolio and no funding in the capital programme for land acquisition or build or the expertise to do so.
- 65 Do nothing is not recommended. The council building its own schemes is currently not viable.

Option	Impact	Risk
Do nothing	Increasing pressure on the care home and domiciliary market. Increase in adult services spend for older people.	Failure to meet demand.
Council builds own schemes	Delivery of ECH no longer solely dependent on the market.	No funding and no land.

## Implications and Comments

### Legal

- 66 The Care Act 2014 contains several statutory duties pertinent to the provision of care at home services and the care provider market. These are outlined below.
- 67 Section 5(1) Care Act 2014 places a duty upon the council to promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that there is a variety of providers and high-quality services to choose from.
- 68 Local authorities are under a general duty to implement preventative services that reduce the need in Adults for care and support and the need for support of carers (Section 2 Care Act 2014). Whilst there is no statutory duty within the Care Act 'supporting people to live as independently as possible for as long as possible is a guiding principle of the Care Act' (paragraph 1.19, Revised Care and Support Statutory Guidance).
- 69 Statutory guidance accompanying the Care Act 2014 is clear that the way services are commissioned has a direct impact upon 'shaping the market' (Paragraph 4.4) and requires that local authorities must 'consider how to ensure that there is still a reasonable choice for people who need care and support' (Paragraph 4.39) and to ensure that their fee levels do not compromise the service providers' ability to employ people on at least minimum wage and provide effective training and development of staff (Paragraph 4.31).
- 70 Further legal input will form part of the individual business cases.

### Section 151 Officer/Finance

- 71 This report is seeking agreement to the principle of various options being adopted when a proposal for a new development of ECH is being considered or put forward by developers.

- 72 Several of the revenue options proposed do not have direct costs. i.e. taking nominations rights, but do require service strategy decisions to be made. Those that do will need to be contained within existing budgets. Many of these have already been adopted for existing schemes and are within the role and responsibilities of the appropriate officers. Others may require a capital commitment or the forgoing of potential income, such as a capital receipt, or a positive allocation of funds, such as section 106 monies.
- 73 This will require officers to have the ability to employ such options as are suitable for each scheme as it comes forward and to be able to negotiate such terms within the usual provisions of delegated authority. In doing so they will need to comply with and take into consideration the following.
- If the proposal can be funded from within existing budgets
  - If the proposal requires additional budget to be approved in the current year – by virement (transfer of budget) or fully-funded supplementary budget
  - If the proposal will reduce in-year budget requirements
  - If the proposal will increase or decrease budgets that will be considered in the next business planning cycle for approval in a future year.
- 74 There is some residual grant funding in the Adults capital programme that, if no longer required for the identified projects, could be used to support this proposal. This is circa £720k but further investigation is required to see if this is all available.
- 75 The other option is for the council to approve a block allocation of prudential borrowing over a period of years. However, this would impact on the Adults services revenue budget for the payback period of 1.5 – 3 years (based on an investment of £3m).
- 76 It is extremely difficult to predict what capital funding may be needed as the council is totally dependent on developers and providers bringing forward schemes and each one will have different and potential multiple variables. In many cases no capital will be required. That is why each individual proposal will need to be the subject of a individual decision based on a business case. Subject to the values these could be approved through the ODR process, but some may need to go to committees for approval. Clearly this will have a time implication that developers and providers may see as an impediment to progress.

77 It should be noted that most schemes will need Homes England grant in order to meet the affordable rent criteria of being as close to LHA as possible. Homes England will give no indication of likely grant level ahead of an application and will only consider an application once there is certainty of a scheme being delivered, usually this means that the site has been acquired, planning permission received and a build quote received. It is therefore very important that the council provides as positive message as possible of their support for the project.

Policy

78 This report seeks investment in ECH to stimulate new development to meet a significant need. In doing so it will meet the corporate priority listed below.

<p><b>An open and enabling organisation</b></p> <p><b>(Include which aim and priority)</b></p>	<p><b>A council which empowers and cares about people</b></p> <p><b>Priority:</b> Reduce the reliance on long-term care by improving services closer to home and providing more extra care facilities, including dementia services</p> <p><b>Aim:</b> Vulnerable and older people live safely and maintain independence within community settings.</p>	<p><b>A thriving and sustainable place</b></p> <p><b>(Include which aim and priority)</b></p>
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Equality, Diversity, and Inclusion

79 An Equality Impact Assessment will be prepared for each scheme as part of each business as they come forward.

Human Resources

80 There are no human resources implications arising from this report as there are no recruitment/restructure/redundancy implications as

resources to implement these proposals exist within the existing commissioning, operational and planning capacity within adult services.

### Risk Management

- 81 Extra Care Housing developments will be included within the ASC&H Transformation programme and therefore the associated PMO support which includes risk management

### Rural Communities

- 82 It is acknowledged that there is no single suitable solution to solve housing issues for older persons. An ECH option may not suit certain more rural localities given that for viability reasons the developments would need to be circa 70 units and require approx. a 2-acre site. It is therefore essential that there are several various housing opportunities and options across the borough.
- 83 These are explained in more detail in the Vulnerable and Older Persons Housing Strategy which supports both the Housing SPD and the Housing Strategy.

<https://www.cheshireeast.gov.uk/pdf/housing/strategic-housing/vulnerable-and-older-persons-housing-strategy-2020-24.pdf>

### Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 84 There are no implications to children and young people, and cared for children, of this report and its recommendations/decisions.

### Public Health

- 85 The provision of ECH as an alternative to living in a residential care home will have a positive impact on the overall impact on the health and wellbeing of Cheshire East residents
- 86 As the new provision of ECH is required to be of affordable rent it should have a positive impact on the older and poorer people who reside in Cheshire East.

### Climate Change

- 87 A carbon score of 6 has been calculated due to a major impact of the potential build and carbon emissions from properties. However, providers will be encouraged to build schemes to high environmental



standards to mitigate the impact by more than 50%. This will form part of the soft market testing exercise and any subsequent procurement.

<b>Access to Information</b>	
Contact Officer:	Sue Ryde <a href="mailto:Sue.ryde@cheshireeast.gov.uk">Sue.ryde@cheshireeast.gov.uk</a>
Appendices:	Appendix 1 not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972
Background Papers:	Identified in the body of the report