

THE BUSINESS CASE FOR EXTRA CARE HOUSING AT WATERSIDE GARDENS IN BOLTON

**EVIDENCE AND INFORMATION IN SUPPORT
OF THE DEVELOPMENT OF SPECIALISED
SUPPORTED HOUSING FOR OLDER PEOPLE**



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1. INTRODUCTION

This business case describes a process for commissioning, funding, designing and developing extra care housing. The business case has been commissioned by HBV Supported Living from Social Care Strategies Ltd. to inform commissioners, operators and investors of the levels of demand for new purpose built extra care housing in a chosen location.

Social Care Strategies' experience and expertise includes:

- Managing whole system change in partnership with social care leaders and commissioners.
- Developing practical alternatives to residential care for older and disabled people.
- Enabling councils to achieve sustainable revenue savings.

www.socialcarestrategies.co.uk

Social Care Strategies has engaged two other partners to provide specific technical expertise in financial analysis and socio-economic profiling.

Valuing Care Financial Management has undertaken the financial analysis in this business case:

- Valuing Care is expert in analysing and negotiating the cost of care.
- Its services have been used by over 100 local authorities and 40 NHS organisations to help commissioners set the cost of care.
- The company's independent cost models and data averages are widely recognised in the industry and have been used by DH and DfE in setting national policy.
- Valuing Care possesses a database of over 6000 line by line unit costs records collected from care provider surveys over the last decade.

www.valuingcarefm.com

Rose Regeneration has undertaken the socio-economic profiling in this business case:

- Rose Regeneration is an economic development business which works with national and local government, communities and businesses to help them achieve their full potential.
- The company provides its clients with reviews, evaluations, economic analysis and policy design.
- It brings organisations and people together to access grants, develop projects, set up partnerships and establish innovative approaches to delivering social change.

www.roseregeneration.co.uk

This document performs several functions:

- A guide to how the end-to-end process works in practice.
- An introduction to the partners engaged in the process.
- A gathering of information and evidence in support of the requirement for the development in a specific location.
- An analysis of the potential financial benefits to the local authority as commissioner.

2. SUMMARY OF THE MODEL

WHAT IS EXTRA CARE HOUSING?

Some people use the same terms to describe different things. In this report *extra care housing* describes purpose-built housing with integral assistive technology and 24-hour support for older people.

The model of extra care housing described in this business case is defined by:

- 100% funding from HBV Supported Living
- 100% social rented
- 100% nominations from the local authority

There are other forms of extra care housing which have different characteristics (for example, tenants with few social care needs, mixed tenure, capital subsidy) and which are not relevant to this business case.

THE CASE FOR EXTRA CARE HOUSING

Extra care housing can make an important contribution to managing the tension between increasing demand on social care services and inadequate public finance to deliver those services. In summary:

- Since 2010 adult social care funding has reduced by £4.6 billion.
- Between 2005/06 and 2014/15 the number of people aged 65+ increased by one fifth and the number aged 85+ increased by one third.
- Extra care housing prevents the need for residential care for older people in 40% to 63% of cases.
- Extra care housing can help older people stay independent for longer.
- Most people prefer to stay in their own homes.
- The cost of supporting older people in the extra care housing can be half the gross cost of residential care placements.

Key features of the model, which are described in this business case, include:

- Putting the local authority as commissioner in charge of key decisions about what is required, where it is required and how it will be provided.
- Introducing to the local authority a developer with all the resources and expertise required to fulfil specified commissioning requirements.
- Building a partnership between local authority and developer which combines knowledge and expertise to create the best solution to local need.
- Introducing to the local authority other partners - registered provider, technology provider and support provider - who will collaborate in the implementation of the new development.
- Bringing together housing, technology and support within a single integrated model.

3. INTRODUCTION TO THE PARTNERS

This business case is based on the simple premise that experts in their individual fields will produce the best outcome when their expertise and resources are combined.

The lead partner is HBV Supported Living. In addition to bringing its own human and financial resources, HBV Supported Living introduces all other partners required to manage and deliver the development.

In Bolton it is not expected that Mears Group will be asked to operate as the care provider. However, the information about Mears is retained in this business case simply to illustrate the role of the care provider – whoever they may be – in delivering the integrated model of housing, care and technology.

COMMISSIONER

Although this model does not require the local authority to provide any revenue or capital resources, it does depend on the council contributing proactively to the partnership by:

- Providing evidence of current and future need.
- Specifying the outcomes that it wants to achieve.
- Providing costs of current services to facilitate financial analysis.
- Supporting discussions with housing benefit officers.
- Entering into a void agreement and appointing its preferred care provider.

HBV Supported Living has been in discussion with the Council since September 2015 about the requirement for specialised supported housing for both older people and younger adults with learning disabilities. These discussions have been led on behalf of the Council by the Head of Commissioning in the Department of People Services.

HB VILLAGES

HBV Supported Living was established in 2011 to respond to the urgent requirement to build homes for vulnerable people who would otherwise have to live in residential care or other unsuitable housing. HBV Supported Living is not simply another housebuilder, but a company committed to providing quality homes for people with the most complex needs. It recognises that innovation in design and specification are essential if tenants are to live happily and successfully in their homes. This innovation includes a commitment to incorporating the best in assistive technology in the design and delivery of all new developments – personalised technology which is tailored to individual risks and aspirations rather than technology which simply reacts to what has already happened. Innovation which routinely learns from experience is vital for a private sector company which must achieve profitability by focusing sharply on value for money at every stage of the development.

HBV Supported Living is 50% owned by Morgan Sindall, who provide working capital to operate – e.g. finding land, developing proposals, and managing the planning process. The developments themselves are funded by long-term institutional investors and local authority pension funds who share HBV Supported Living's values and objectives.

Once HBV Supported Living, in partnership with the local authority, has made a commitment to develop a specific scheme, its immediate priorities are to secure the capital funding to acquire the land and build the scheme and introduce the registered provider which will sign the lease.

Capital funding comes from investors such as the Northern Ireland and Strathclyde pension funds and

the University Superannuation Scheme. From the investor's perspective the return on the investment in a specific scheme is determined by two factors:

- The investment is chosen to meet the requirements of pension holders - i.e. index-linked long-term income which derives from a predictable level of demand. The security of this investment is guaranteed because there is always at least an indirect link to local and/or central government funding.
- The covenant strength (i.e. financial capability) of the registered provider which guarantees to underwrite the rental income. In order to make this commitment the registered provider must have confidence in the evidence of need for the proposed development.

MEARS GROUP

HBV Supported Living has an agreement with Mears Group that Plexus Housing Association (part of the Mears Group) can act as registered provider in its extra care housing developments. HBV Supported Living introduces the local authority to Plexus in the knowledge that it has the covenant strength to satisfy the proposed investor.

Mears Group is a large national registered provider of support services to people in their own homes. Services are provided under two divisions - housing and care. Mears Care is the second largest provider of home care services in the UK and currently employs approximately 8000 staff to deliver care and support services to people across the country. Services are focused on enabling people to live independently in their own homes, including extra care housing. Most people supported by Mears are aged over 65 years, although the company does also care for many younger people with physical or learning disabilities or those with a mental health need. Mears has over 20 years' experience of providing home care services and currently works with over 90 commissioners, mostly local authorities but also some health commissioners. Mears is committed not only to providing the best quality service and outcomes for individuals, but also making a positive difference in the communities that it serves.

Mears Group's contribution to the partnership can come in one of two ways – either offering Plexus alone to act as registered provider or offering Plexus and Mears Care to provide both housing and support functions.

Mears Care has ten years' experience of providing care and support services in extra care housing and currently provides services in 39 developments across the county. Mears' approach is best illustrated by reference to an actual extra care housing scheme.

Mears Care have been providing care and housing related support to Blaise Weston Court in Bristol since January 2008. Currently Mears provides between 700-750 hours of service per week consisting of 650 hours of care (such as personal care, medication, nutrition support) and 97 hours of social and housing-related support. There are 57 people living within Blaise Weston Court including adults with sensory impairments, multiple sclerosis, Parkinson's disease, Huntingdon's disease and dementia.

The team at Blaise Weston Court consists of:

- Registered Manager
- Co-ordinator
- Part time administration assistant
- Three senior care workers
- 27 full/part time care and support workers
- Two waking night workers

To promote social inclusion, independence and choice, the on-site team supported residents to set up

the Blaise Weston Social Club, which is run by residents and enables them to decide on activities within the scheme. The team also supports residents to access the community using buses, taxis or community transport links; signposts residents to the Stroke Association, Parkinson's Association, Age UK and other relevant community organisations; promotes the scheme as a facility for use by the local community by holding events which are open to all and raise money for local charities. It is important to Mears to ensure that the building is benefiting the wider community as well as expanding social inclusion for all who live within it.

Specific initiatives that have been implemented in Blaise Weston for the benefit of tenants include:

- Working with the dementia liaison service to set up a group to target a specific time of day (3 to 5pm) when individuals increasingly became anxious, wandered or activated the emergency alarm system. The group offers a different activity each day and residents now appear more stimulated, with increased interaction and less anxiety. Emergency calls have stopped and feelings of wellbeing continue long after the sessions. Families have reported a difference in conversations with their loved ones.
- A University of Bristol project has chosen Blaise Weston to create a memory parlour. They have donated three iPads and designed the room, creating a learning space for older people and children. The memory parlour is decorated in the styles of a living room and kitchen and has items of interest from across the decade. Residents are leading the groups, e.g. book making, with five residents already having created their own books and had them published.

Plexus housing support service helps residents to manage their tenancies, which may include filling in forms, contacting benefit agencies, ensuring bills are paid correctly, debt management, budgeting, organising shopping online for delivery or enabling someone to go to the local shops, and helping to make appointments.

SIX-KEY

All references to extra care housing in this report are encompassed by the formal definition of *specialised supported housing* set out below.

Specialised supported housing is a proactive approach to meeting the housing needs of vulnerable people in response to local and national Government policies, which reduces the requirement for residential care and the use of long stay hospitals.

The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 (SI 2016/390) came into force on 1 April 2016.

The Regulations exempt specialised supported housing from the 1% rent reduction required by the Welfare Reform & Work Act 2016 for the full four years' duration of this policy. This accommodation is defined as supported housing:

- a) which is designed, structurally altered, refurbished or designated for occupation by, and made available to, residents who require specialised services or support to enable them to live, or to adjust to living, independently within the community,*
- b) which offers a high level of support, which approximates to the services or support which would be provided in a care home, for residents for whom the only acceptable alternative would be a care home,*
- c) which is provided by a private registered provider under an agreement or arrangement with —*
 - (i) a local authority, or*
 - (ii) the health service within the meaning of the National Health Service Act 2006,*
- d) in respect of which the rent charged or to be charged complies with the agreement or arrangement mentioned in paragraph (c), and*
- e) in respect of which either —*
 - (i) there was no public assistance, or*

(ii) if there was public assistance, it was by means of a loan secured by means of a charge or a mortgage against a property (CLG 2016).

Specialised supported housing differs from conventional general supported housing in that it is developed directly in accordance with local authorities' strategic priorities and there is no capital subsidy provided. Conventional supported housing tends to be existing supported housing where capital subsidies have been obtained historically, which thus require less revenue subsidy than that required by specialised supported housing.

HBV Supported Living will introduce the commissioner to Six-Key, whose team works with partners to enable rents to be agreed in accordance with these regulations.

With fifteen years' experience in social and supported housing Six-Key has extensive knowledge of housing benefit, landlord and tenant law and the related regulatory frameworks. Six-Key has often represented, both landlords and tenants at Her Majesties Courts and Tribunals Service, helping to shape case law precedent that applies directly to this sector. Six-Key currently advises institutional investors, developers of supported housing, registered providers, the voluntary and charitable sector and local authorities in respect of supported housing, exempt rents and housing benefit compliance.

Six-Key has worked with over 250 local authorities across England, Scotland and Wales regarding the regulatory framework that governs the decision-making process in respect of exempt/specified accommodation claims for benefit and has an excellent track record in securing compliance in every local authority in which it has operated. Six-Key has established a significant database of existing supported housing rent and service charges across the UK. Six-Key was involved in securing rent and service charge agreements for some of the earliest extra care housing in the UK.

Six-Key produces supported housing market analysis on behalf of a registered provider for 'rent comparables' to establish whether proposed rent and service charges for the development are within the spectrum of rents already established:

- If yes, then the precedent has already been established or market doesn't yet exist in the area.
- If no, Six-Key determines why the rent is higher than those currently established, bearing in mind that rent must be considered reasonable.

Six-Key will then construct a technical rent approval submission pack which includes:

- Transparent lease rent calculation
- Transparent gross rent and service charge breakdown inclusive of registered provider costs and allowances
- Local authority and/or health commissioner support, confirmation that development is required, and that it fits within the local strategic priorities
- Summary of regulatory position and case law precedent establishing that the proposed development is compliant with the relevant provisions and that the proposed rent is reasonable

Six-Key negotiates with the local housing benefit authority in respect of each development (and facilitates stakeholder meetings if required) in order to secure approval in principle to the proposed rent. This approval enables the registered provider to sign the agreement for lease. It should be noted that so far there are no examples of the housing benefit authority not awarding housing benefit at required levels at the point of signing the tenancy following original approval in principle.

The lease rent is approved based on the costs incurred in developing the building and will be approved for all assured tenants that enter that building. Once approved the level of benefit is extremely unlikely to reduce for the duration of the lease unless there is a significant change in the regulations. This is unlikely given the significant costs that would be associated with re-provision for this particular tenant group and

because the current regulations have been in force for the last twenty years.

The registered provider will levy management, maintenance and service charges in addition to the lease rent when an indicative application for housing benefit is submitted. This is standard industry practice and the charges represent the actual costs incurred by the registered provider in delivering a housing management and maintenance service. Charges are also levied for planned and cyclical maintenance and a sinking fund is accrued to cover major repairs during the life of the lease. These charges are reviewed annually. The registered provider may also apply a 15-25% levy on the net rent and service charges to cover voids, to contribute to management costs and overheads, and to generate a surplus.

ATEL

The cost of development includes cabling infrastructure for the provision of personalised assistive technology for all future tenants. ATEL will work in partnership with the commissioner to ensure that this technology is designed to achieve the twin objectives of better personal outcomes for individuals and better financial outcomes for the council. Although technology is personalised and based on the assessed needs of the individual, it is likely that in extra care housing, GrandCare will be offered as standard. GrandCare is a medical device based on a touch screen computer which is programmed in accordance with the needs of the individual. Its functions include:

- Medication management
- Remote health management
- Centralised care plan management
- Keeping in touch with family and friends
- Information and entertainment
- Reminders and alerts

Research and experience tell us that people's experience of assistive technology is usually based on perceptions of yesterday's vision of technology. HB Villages' model of integrated housing and technology avoids this problem by working collaboratively with the commissioner, support provider, health and social care professionals, and prospective tenants to design both building and technology as an integrated whole in response to the way people want to lead their lives.

4. THE FINANCIAL CASE FOR EXTRA CARE HOUSING

INTRODUCTION

This section makes the financial case for extra care housing as an alternative to residential or high cost domiciliary care.

The financial case is based on scenario modelling of residents either previously in support of social care funding or assessed as requiring funding for assistance in alternative settings such as residential care. The model examines the cost and benefits of supporting the residents instead in the proposed extra care scheme.

The modelling is based on a spread of assessed need with two options used to provide a range of likely scenarios. The needs of the individuals have been spread over a range including high, medium, low and none. The costs are based on the current actual costs of supplying the extra care support as well as the current cost of the alternatives that would have been provided. The extra care scheme is based on the proposed actual size of the scheme and the likely efficiency of the unit with allowances made for voids (four apartments empty at any one time).

In summary:

- The report includes a detailed cost benefit analysis that estimates the total savings from the proposed scheme ranging from Option A (£65,562) to Option B (£132,544)
- The proposed service achieves savings by diverting an estimated proportion of service users that would otherwise require residential or domiciliary social care into less expensive extra care housing and support.
- The cost benefit analysis within the report is based on the actual unit costs supplied by Bolton in April 2017. This increases the accuracy of the report compared to using benchmarked averages.
- The proportion of service users deemed within each range of needs is based on a large-scale study of 183 extra care residents conducted by East Sussex County Council. The option ranges reflect the study conducted (Option A) and the target operating model for new schemes in East Sussex (Option B).
- Although the cost benefit analysis is favourable, any final savings will be based on: the actual needs mix of residents, the residents' needs being able to be met with extra care instead of residential care, and the respective unit costs of domiciliary care, extra care support and residential care at the commencement of operations.

BUILDING THE FINANCIAL MODEL

The benefit to the commissioner of signing the nominations agreement with the registered provider is that it can then control referrals. This means that the local authority can offer extra care housing as a genuine alternative to residential care. It is important to understand, therefore, the relative costs to the council of purchasing residential care for the individual or offering extra care housing as an alternative.

For the purposes of this business case we have modelled two options which vary the mix of needs within a notional scheme of 72 one bedroom flats in Bolton. The model is based on research in East Sussex. This research – published nationally by the Housing Learning and Improvement Network – provides a benchmark for the sector and offers a detailed evaluation of extra care housing schemes in East Sussex to inform future decisions about whether extra care housing:

- Acts as a preventive model, supporting independence and avoiding admissions into residential care.

- Is a more cost-effective model of care delivery than other models, including residential care and care at home.

Although we have based our analysis on the East Sussex model, other studies have also shown that financial savings can be achieved through extra care. One such study was conducted by Aston University in 2015 based on a three-year longitudinal evaluation. The Aston research reports average social care savings of £1,222 per resident year, up to £4,556 for high needs residents. This provides a separate source of reference notwithstanding the model used in this report.

The Aston University research also suggests a reduction in NHS costs of £1,115 per resident year, due to a reduction in GP visits, hospital appointments and admissions. This is in addition to the social care savings.

Although both findings add weight to the financial case for extra care, the underlying data is confidential. Therefore, the East Sussex model has been used as the basis for the financial case as the underlying model so that it can be tailored to match the local costs and resident numbers.

To make a financial evaluation of the potential benefits of extra care housing in Bolton this business case models two options which vary the mix of needs within a notional scheme of 72 one bedroom flats:

OPTION A - reflects the independent assessment of the 189 residents living in extra care housing in East Sussex, replicating the mix of residents' needs, their care requirements in extra care and the services they would otherwise require.

OPTION B - models East Sussex's proposed mix of needs in future schemes (30% high needs, 50% medium and 20% low), which aims to increase the proportion of medium needs service users.

Estimated revenue cost of extra care housing – option A

The following table estimates the revenue cost of providing extra care in a notional scheme of 72 one bedroom flats in Bolton, replicating a tried and tested mix of care and support needs. We have estimated the cost of supporting residents within each needs group by multiplying their average care requirements by the typical rate paid for extra care in Bolton of £13.33 per hour.

The rate paid for extra care in Bolton will logically include provision for management and administration of the home care service, which is likely to be based at the scheme and will consequently provide an element of cover. We have made additional provision for a basic level of core staffing, assuming two waking care staff on duty 24 hours per day. The financial model assumes that all service users are financially unable to contribute to the cost of their social care.

Level of Need	High	Medium	Low	None	Voids	Total
Reported SU in each needs group	24	19	18	7	4	72
Dependency levels in rented flats	15+ hrs	10-14 hrs	5-9 hrs	0 hrs	-	-
Estimated care hour requirement per week	17.5	12	7	0	-	-
Anticipated cost of extra care /hr (in Kent)	£13.33	£13.33	£13.33	£13.33	-	-
Estimated Cost per SU Week						
Estimated cost of home care /wk	£233.28	£159.96	£93.31	£0	-	-
Estimated contribution to basic core staff /wk	£65.87	£65.87	£65.87	£65.87	-	-
Total Cost for 1 SU per Week	£299.14	£225.83	£159.18	£65.87	-	-
Total Cost per Week (for 76 SU)	£7,179	£4,291	£2,865	£461	-	£14,796
Total Cost per Annum (for 76 SU)	£374,353	£223,729	£149,398	£24,041	-	£771,521

The table shows that the cost of social care for each resident ranges between £65 and £300 per week, depending on their level of need. Based on the projected mix of needs, this equates to a total cost of £15k per week for the care of 68 service users (allowing four places for voids) or £772k per annum.

Estimated revenue cost of alternative services – option A

The following table estimates the revenue cost of providing alternative/replacement services for those currently living in extra care housing. The percentage of service users requiring each alternative has been applied to a population of 68 service users to enable direct comparison with the cost of extra care housing reported above.

The unit cost of each service type reflects the rates proposed by Bolton Council for 2017/18. (Please note that the cost of nursing care services excludes NHS-funded nursing care, as the cost of community nursing was not included in the revenue cost of extra care (above).

The cost of home care is based on seven hours' care per week for a low needs service user priced at £14.20 per hour. This price is higher than the rate for home care delivered in an extra care scheme, as it includes provision for travel time and transport costs. We have assumed that all service users living either in residential or nursing care are entitled to pension credits, providing them with a guaranteed minimum income of £159.35 per week (at the proposed rates for 2017/18). This would require them to contribute approximately £134.45 per week to the cost of their care after deduction of the statutory minimum Personal Expenses Allowance (PEA).

	Residential Care	Residential Dementia	Nursing Care	Home Care - Low Need	Voids	
Percentage requiring each alternative	44%	4%	15%	37%	-	100%
Number of SU requiring each alternative	30	3	10	25	4	72
Estimated Cost per SU Week						
Estimated cost of alternative service /wk	£450	£450	£450	£99.40	-	-
Estimated client contribution	£134.45	£134.45	£134.45	£0	-	-
Net Cost per SU Week	£315.55	£315.55	£315.55	£99.40	-	-
Total Cost per Week (for 76 SU)	£9,467	£947	£3,156	£2,485	-	£16,054
Total Cost per Annum (for 76 SU)	£493,610	£49,361	£164,537	£129,575	-	£837,083

The table shows that the net cost of alternative care home and home care services ranges between £99 and £316 per week depending on the service required. Based on the percentages requiring each alternative, this equates to a total cost of £16k per week for the care of 68 service users, totalling £837k per annum.

Estimated revenue savings – option A

The following table compares the estimated annual revenue cost of extra care against the cost of providing alternative service options for each level of need.

Level of Need (in extra care environment)	High	Medium	Low	None	Voids	Total
Number of Service Users	24	19	18	7	4	72
Estimated Cost of Extra Care /wk	£299	£226	£159	£66	-	-
Estimated Cost of Alternative Services /wk	£316	£316	£99	£99	-	-
Variance in Cost per SU Week	-£16	-£90	£60	-£34	-	-
Variance in Cost per SU Year	-£856	-£4,678	£3,117	-£1,749		
Total Variance per Year (all SU)	-£20,535	-£88,891	£56,104	-£12,240	-	-£65,562

The table shows the revenue cost of extra care to be £66k less per annum than the cost of providing alternative service options (to 68 service users in a scheme of 72 places). This represents an effective saving

of approximately 8% on the cost of providing traditional care home and home care support. These savings are mainly attributable to service users assessed as having medium care needs (receiving 10-14 direct care hours/week), whose care costs are significantly lower (-£90 per person per week) as a result of living in extra care housing. Service users assessed as having high care needs (+15hrs per week) will also generate savings (-£16 per person per week) assuming they receive an average of 17.5 hours of direct care. It is only when the extra care residents require more than 19 hrs of direct care and support that a care home service may start to become more cost effective for high needs residents. It is only the group of service users assessed as having low care needs (receiving 5-9 direct care hours per week) whose costs appear more expensive (+£60 per week). As they receive comparable amounts of direct care living either in extra care or the wider community (circa seven hours per week), the additional cost of supporting these service users in extra care can be attributed to the cost of core staffing.

Estimated revenue cost of extra care housing – option B

The following table estimates the revenue cost of providing extra care in a notional scheme of 72 one bedroom flats in Bolton, reflecting East Sussex’s proposed mix of needs in future schemes (30% high needs, 50% medium and 20% low). The mix of needs proposed by East Sussex aims to increase the number of medium needs services users within a scheme (receiving between 10-14 hours per week). Medium needs service users were recognised by East Sussex as the greatest beneficiaries of extra care and those likely to yield the highest level of savings as this needs group would otherwise require a care home placement.

Level of Need	High	Medium	Low	None	Voids	Total
Reported SU in each needs group	20	34	14	0	4	72
Dependency levels in rented flats	15+ hrs	10-14 hrs	5-9 hrs	0 hrs	-	-
Estimated care hour requirement per week	17.5	12	7	0	-	-
Anticipated cost of extra care /hr (in Kent)	£13.33	£13.33	£13.33	£13.33	-	-
Estimated Cost per SU Week						
Estimated cost of home care /wk	£233.28	£159.96	£93.31	£0	-	-
Estimated contribution to basic core staff /wk	£65.87	£65.87	£65.87	£65.87	-	-
Total Cost for 1 SU per Week	£299.14	£225.83	£159.18	£65.87	-	-
Total Cost per Week (for 76 SU)	£5,983	£7,678	£2,228	£0	-	£15,889
Total Cost per Annum (for 76 SU)	£311,961	£400,357	£116,198	£0	-	£828,517

The table shows the cost of social care for each resident to range between £159 and £300 per week, depending on their level of need. Based on the proposed mix of needs, this equates to a total cost of £16k per week for the care of 68 service users (allowing four places for voids) or £829k per annum.

Estimated revenue cost of alternative services – option B

The following table estimates the revenue cost of providing alternative services for the proposed mix of service users, should extra care not be available. The number of service users requiring each alternative is based on the independent assessment of extra care residents undertaken by East Sussex. Consequently, all residents with either medium or high needs (receiving more than 10 hours of care per week) have been assumed to otherwise require a care home place.

	Residential Care	Residential Dementia	Nursing Care	Home Care - Low Need	Voids	
Percentage requiring each alternative	56%	6%	18%	21%	-	100%
Number of SU requiring each alternative	38	4	12	14	4	72
Estimated Cost per SU Week						
Estimated cost of alternative service /wk	£450	£450	£450	£99.40	-	-
Estimated client contribution	£134.45	£134.45	£134.45	£0	-	-
Net Cost per SU Week	£315.55	£315.55	£315.55	£99.40	-	-
Total Cost per Week (for 76 SU)	£11,991	£1,262	£3,787	£1,392	-	£18,431
Total Cost per Annum (for 76 SU)	£625,240	£65,815	£197,444	£72,562	-	£961,061

The table shows the net cost of alternative care home and home care services to range between £99 and £316 per week depending on the service required (this has not varied from Option A). Based on the percentages requiring each alternative, this equates to a total cost of £18k per week for the care of 68 service users, totalling £961k per annum.

Estimated revenue savings – option B

The following table compares the estimated annual revenue cost of extra care with the cost of providing alternative services for each level of need.

Level of Need (in extra care environment)	High	Medium	Low	None	Voids	Total
Number of Service Users	20	34	14	0	4	72
Estimated Cost of Extra Care /wk	£299	£226	£159	£66	-	-
Estimated Cost of Alternative Services /wk	£316	£316	£99	£99	-	-
Variance in Cost per SU Week	-£16	-£90	£60	-£34	-	-
Variance in Cost per SU Year	-£856	-£4,678	£3,117	-£1,749		
Total Variance per Year (all SU)	-£17,112	-£159,068	£43,636	-£0	-	-£132,544

The table shows the revenue cost of extra care to be £133k less per annum than the cost of providing alternative service options (to 68 people in a scheme of 72 places). This represents a saving of approximately 14% on the cost of providing traditional care home and home care support. The potential savings identified in option B have been enhanced by increasing the number of residents with medium levels of need and reducing the number of residents with either low or no needs (compared to option A).

5. COMMISSIONING OUTCOME-BASED CARE

Traditionally the delivery of care and support services has been arranged around the provision of specific tasks for the individual in defined time segments. This model has often been extremely rigid and stifled independence. Outcome-based approaches to care and support services focus on the end result that the particular service achieves for that person. That could be an improvement outcome, which sees the individual gain or regain increased independence, or it could be a maintenance outcome whereby the service supports the person to retain the current level of independence and quality of life. This approach is best illustrated by a specific example.

Since 2013 Mears Care has been working in close partnership with Wiltshire County Council on the delivery of its *Help to Live at Home* contract. Originally delivering services into three geographical zones, in 2016 Mears was awarded a new contract to increase this allocation by another three areas. As specified by Wiltshire County Council, *Help to Live at Home* differs from traditional models of home care as it requires providers to work with customers to deliver outcomes in a person-centred and enabling way. In order to achieve this objective the working arrangements between Mears Care as the provider and the Council as commissioner have become much more integrated. For example, both have access to the same systems, use of the same paperwork and accommodation in the same office. The *Help to Live at Home* Service has also put greater autonomy in the hands of those staff working directly with customers on a day to day basis, seeing them as being in the best position to flex and adapt services as needed.

The following diagram provides an overview of how services on the contract are set up, provided and reviewed. This demonstrates the two types of service that are provided under this contract.

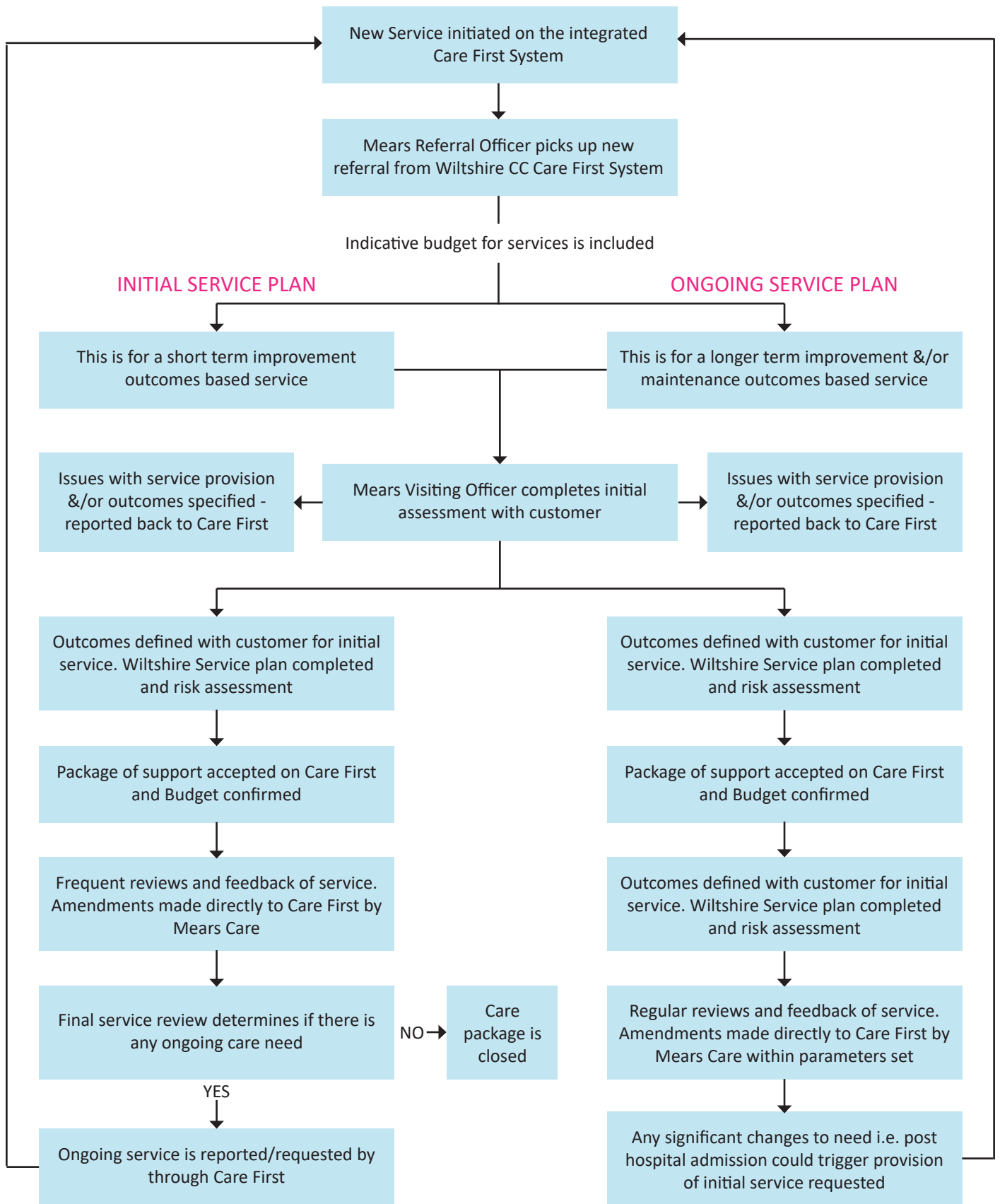
As part of the evolution of the *Help to Live at Home* Service Mears Care is working on a pilot service in the Devizes area to achieve:

- Reduced costs in ongoing care - demonstrated by average cost per customer
- Reduced process time and resource savings in all organisations
- Reduced process time and savings in financial services - for example by significant reductions in the finance transactions

The objectives of this pilot will be achieved through a fully integrated assessment team of local authority and Mears Care staff, providing a single point of assessment for customers. Integrated system access and identified contact points for assessors are available to reduce the need for direct care services through the provision of other support suitable support services such as assistive technology, equipment and social engagement.

Significant outcomes have been realised by the Council and Mears care as a result of the *Help to Live at Home* Service:

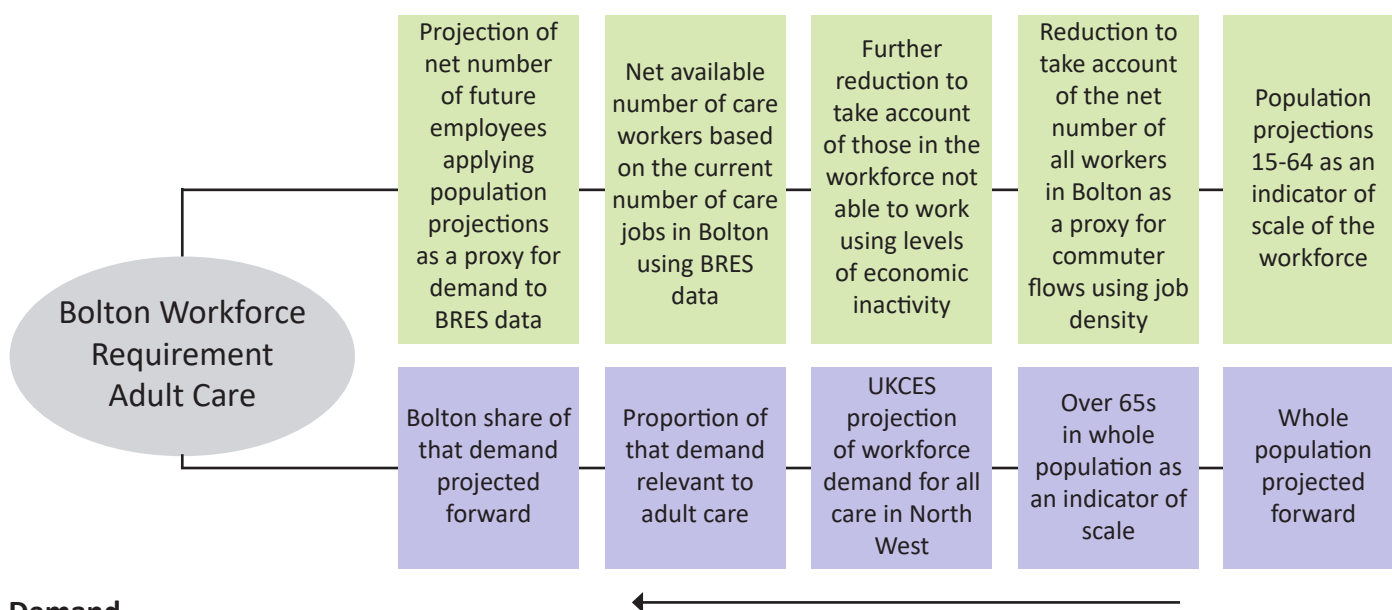
- Following the initial short-term service **40% of older people required no ongoing care package**
- The service model has reduced the complexity of the council's procurement arrangements, moving from **90 separate providers at a cost of £14m to just 8 payment by result contracts worth £11m**
- Between June 2014 and December 2015 an **additional 1400 people are supported without a proportional increase in the workforce**
- **200 fewer care home placements** made by the council since the introduction of the new way of working
- Mears Care **staff retention rates on the *Help to Live at Home* contract are 82% compared to a national average of 62%**



6. WORKFORCE ANALYSIS

Financial savings and better outcomes for individuals will only be realised if the support provider can recruit, develop and retain staff who have or will acquire the skills necessary to deliver a genuine alternative to residential care. Therefore, this business case considers the specific workforce challenge that will have to be addressed in Bolton.

We have applied a methodology which uses publicly available data to forecast the potential supply of and demand for care workers in Bolton to 2039. The diagram below summarises the approach:



Demand

The population of Bolton in 2017, 2025 and 2039 according to ONS projections is shown in row 1 in the table below. The population of over 65s in 2017, 2025 and 2039 is shown in row 2. The UKCES projections of demand for all care workers required to 2025 in the north west are shown in row 3 below. The Bolton share of this requirement is then calculated using the number of care jobs in Bolton as a proportion of all care jobs in the North West and is shown in row 4. The proportion these jobs relating to adult care is shown in row 5.

Row	Demand	2017	2025	2039	Notes
1	Bolton Whole Population	284000	294000	306000	Overall population projections
2	Bolton Over 65s	49000	56000	70000	Number of the population aged over 65 as an indicator of the scale of need from the older persons client group
3	UKCES NW	382000	417000	596000	Modelling of labour demand for care workers from "Working Futures" UK Commission for Employment and Skills (2014 base) combining both expansion and replacement (current workforce turnover) demand. Projected to 2025 then forward projected using a composite straight line growth of 1.15% pa
4	Bolton Share of NW Care Jobs (2.9%)	11078	12093	17284	Proportion of all jobs in the north west in care professions in Bolton straight line projection using 2015 (latest figures) as base - Business Register and Employment Survey 2015
5	Proportion of all Jobs required in Bolton linked to adult care (82%)	9084	9916	14173	Proportion of the above relating to services for adults, including: residential and nursing care activities; social work activities without accommodation for the elderly and disabled

Supply

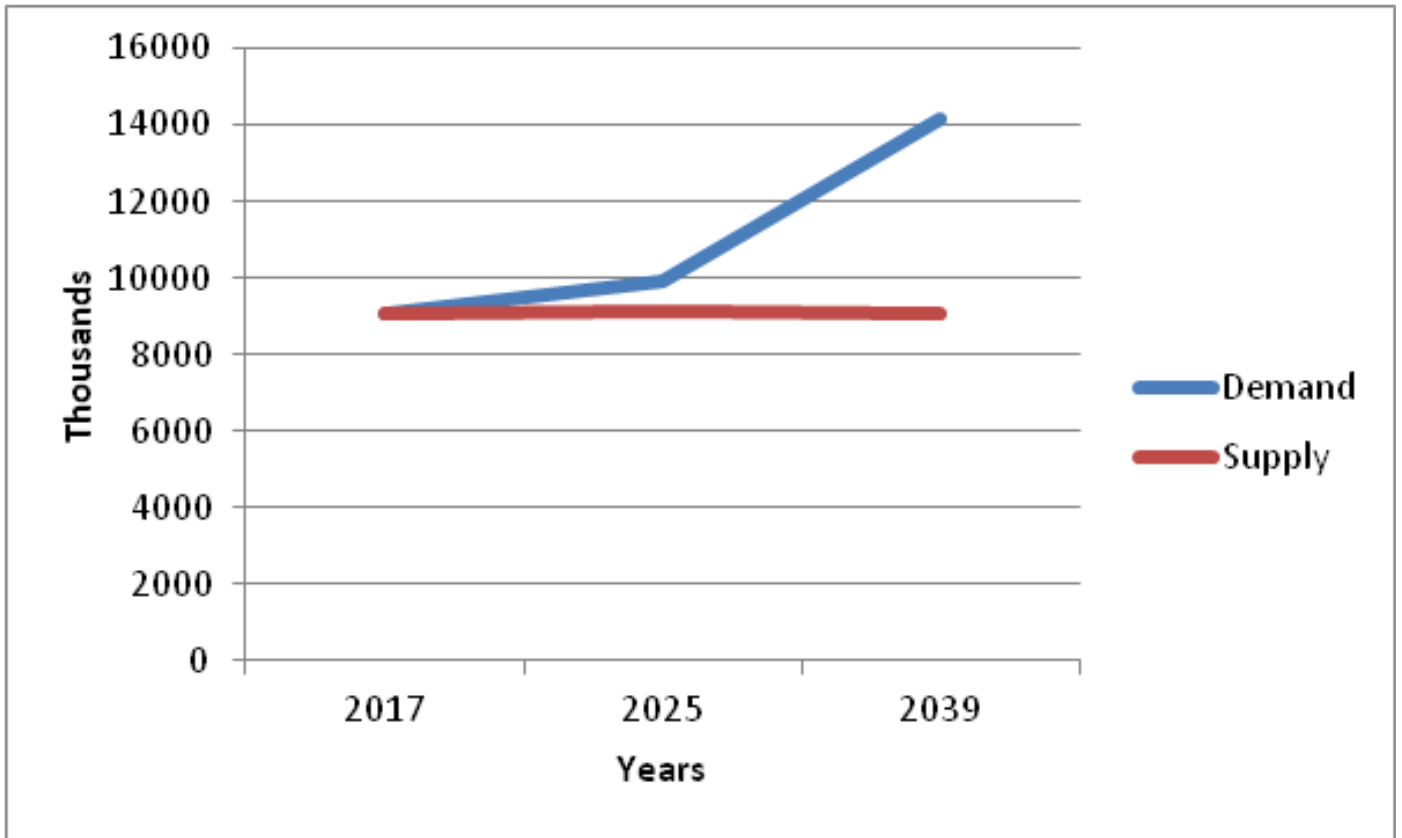
The size of the Bolton workforce using ONS population projections for 15-64 year olds as the closest available fit to the whole workforce is shown in row 1 of the table below. The net number of all workers in Bolton taking account of the impact of commuting is shown in row 2. The active workforce within this figure is shown in row 3. The proportion of the active workforce currently employed in care jobs is shown in row 4. The gap between the forecast workers available and the jobs required is shown in row 5.

Row	Supply	2017	2025	2039	Notes
1	Bolton 15-64	284000	294000	306000	Number of the population aged 15-64 as an indicator of the scale of the workforce projected forward
2	Job Density (0.69) proxy for number of Bolton employees working in Bolton	49000	56000	70000	Proportion of jobs in Bolton as percentage of the workforce as an indicator of the number of local workers (Bolton based) who work in Bolton projected forward
3	Adjustment for economic inactivity (-26.4%) giving net number of 15-64s available to work in Bolton from Bolton	382000	417000	596000	Proportion of the workforce in or seeking work as an indicator of the net number of 15-64 population available projected forward
4	Net available employees based on current proportions of Bolton jobs in care	11078	12093	17284	Proportion of workforce employed in adult social care activities straight-line projection based on population projections
5	Net available employees - proportion of all care jobs required	9084	9916	14173	Supply of workforce available on current levels of care workers projected forward vs demand for care workers

Implications for strategic workforce planning

Comparing demand and supply indicates an increasing gap between the workers required and the potential available workforce which grows gradually up to 2025 and more significantly from 2025 to 2039. This growing gap is illustrated in the chart below.

The Local Enterprise Partnership has a role to play in facilitating approaches to retaining more workers in Bolton and reducing levels of economic inactivity. It may also be worth investigating the issues underlying the relatively low retention of local workers overall in Bolton, including the current contract and employment approaches in the sector.



7. SOCIO-ECONOMIC AREA PROFILE

SUMMARY

The Waterside Gardens area of Bolton is a densely populated area of mainly terraced housing. It has a small number of neighbourhood retail outlets and main jobs in manufacturing, construction and retail. It is well connected with good access to the town centre and railway station. It is very much a traditional industrial town environment. We anticipate that property prices in this area will be relatively low compared to the regional and national average.

Whilst having a relatively small number of old people within the area itself, the densely populated nature of Bolton as a local authority and its good connections means that at a borough wide level it has a very significant catchment of potential recipients of supported housing.

The area has high levels of deprivation and significant levels of benefit eligibility amongst both its pensioner and working population. This suggests a significant number of people are likely to be eligible for rental support in terms of Supported Housing.

The area has a relatively strong employment profile suggesting that it is well connected for the recruitment of the workforce needed to staff any supported housing developed in the area.

OVERVIEW STATUS REPORT

This profile provides a comparison between key socio-economic indicators for the immediate area surrounding the proposed location of the HB Villages development at Waterside Gardens, Bolton Local Authority boundary level and England as a whole.

This status report uses a RAG (Red, Amber, Green) approach to providing an 'at a glance' view of how Waterside Gardens and Bolton compare to England. Where the data reveals a score for an area of analysis which is more than 25% worse than the England average that feature is shaded red; where it is worse than but within 25% of the England average it is shaded amber and where it is better than the England average it is shaded green.

Indicators Compared to England Average	Waterside Gardens	Bolton
Deprivation (English Indices of Deprivation 2015)		
Overall Deprivation		
Income		
Employment		
Education		
Health		
Crime		
Barriers to Services		
Living Environment		
Employment		
Job Density		
Commuting		
Benefit Claimants		
Pensioner Credits		
Working Age Benefits		
Age Profile		
Over 65s		
Working Population		

This summary reveals an area of deprivation in terms of its key social features, but with a relatively strong employment base, reasonable accessibility to services and a positive pattern of commuting and access to other areas within the Borough and more widely.

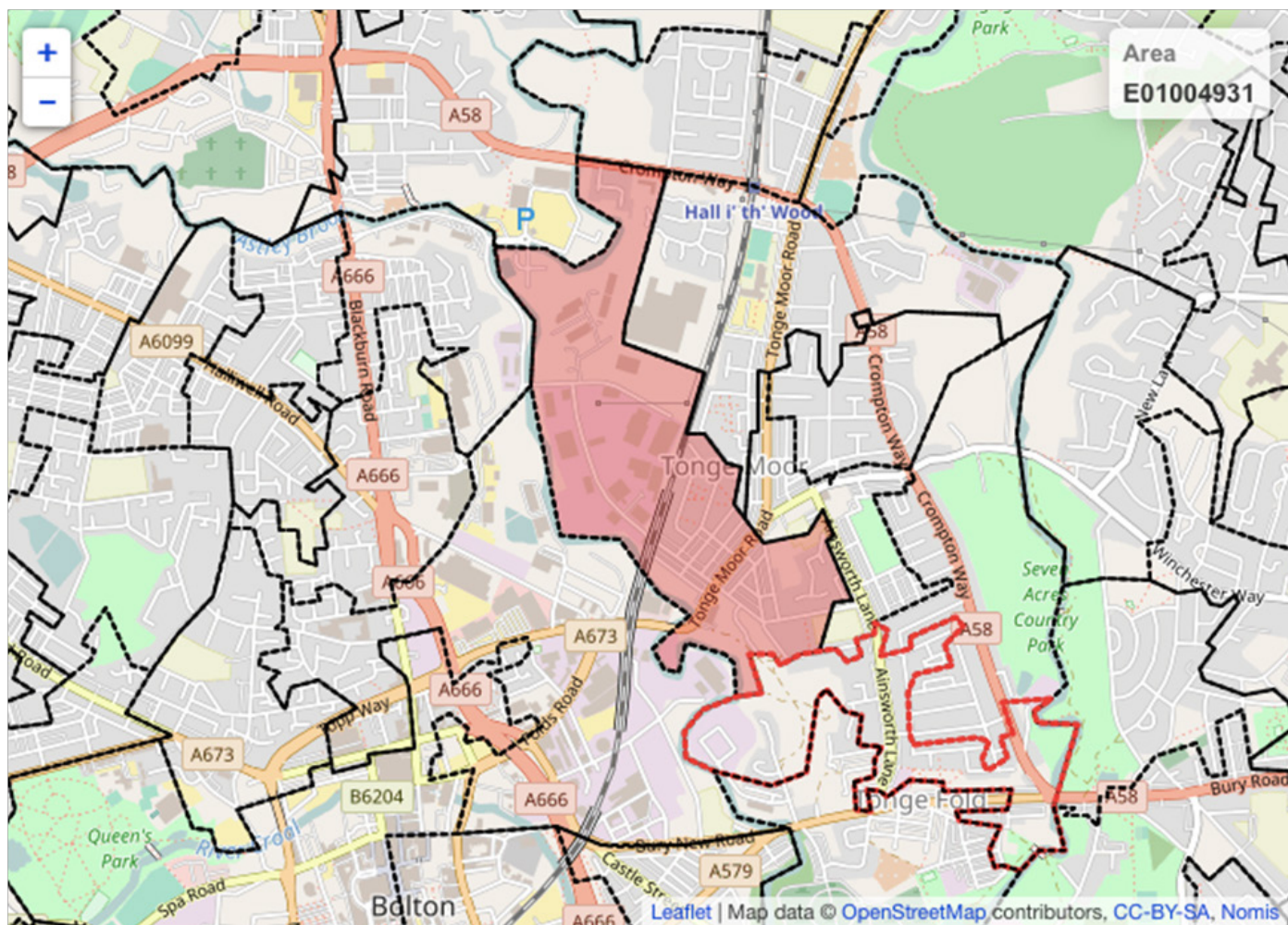
Relative Deprivation - The English Indices of Deprivation (2015)

These indices provide a relative measure across the whole of England of the characteristics of each neighbourhood measured at a specific level called a lower super output area. Each lower super output area has a population in the region of 1500, although in exceptional cases this may be higher. The indices of deprivation cover: **how poor people are, how hard it is for them to find work, how skilled they are, their health, levels of crime, how easy it is to access services and housing, and the quality and feel of the place they live in – the technical description of each of these features is set out below:**

- The **income deprivation** domain measures the proportion of the population experiencing deprivation relating to low income.
- The **employment deprivation** domain measures the proportion of the working-age population in an area involuntarily excluded from the labour market.
- The **education, skills and training deprivation** domain measures the lack of attainment and skills in the local population.
- The **health deprivation and disability** domain measures the risk of premature death and the impairment of quality of life through poor physical or mental health. The domain measures morbidity, disability and premature mortality but not aspects of behaviour or environment that may be predictive of future health deprivation.
- The **crime** domain measures the risk of personal and material victimisation at local level.
- The **barriers to housing and services** domain measures the physical and financial accessibility of housing and local services. The indicators fall into two sub-domains: ‘geographical barriers’, which relate to the physical proximity of local services, and ‘wider barriers’ which includes issues relating to access to housing such as affordability.
- The **living environment deprivation** domain measures the quality of the local environment. The indicators fall into two sub-domains. The ‘indoors’ living environment measures the quality of

housing; while the 'outdoors' living environment contains measures of air quality and road traffic accidents.

The Waterside Gardens site in Bolton is a lower super output area neighbourhood designated as 'Bolton 010C'. Its location can be seen on the map below:



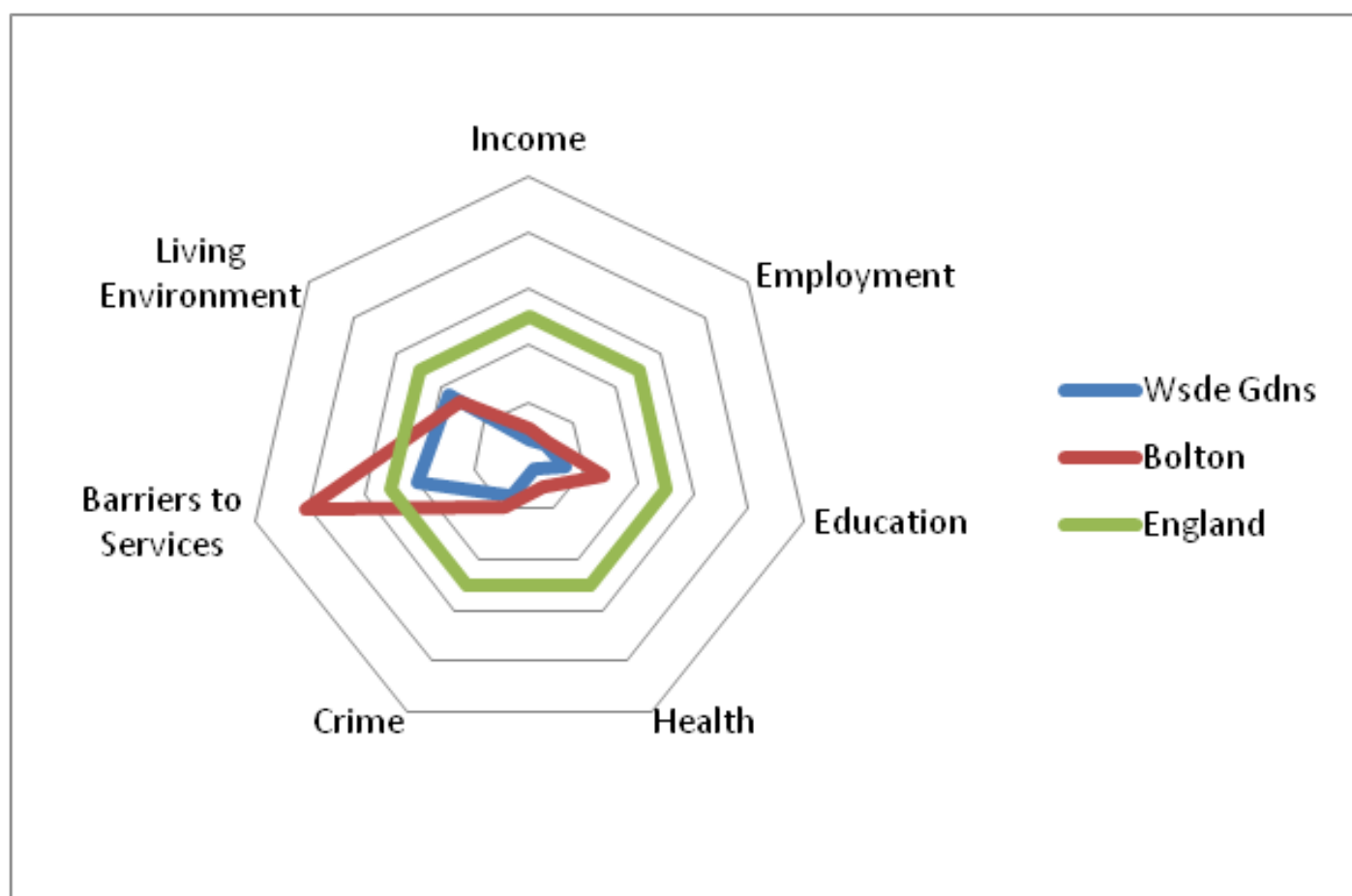
Comparative results for this neighbourhood with Bolton and England are set out in the table below.

There are 32,844 lower super output areas in England. The Index rates them from 1 (the most deprived on any given measure) to 32,844 (the least deprived). The Waterside Gardens score for each measure is set out in the second column. Where the score is lower than the England average (column 3) Waterside Gardens is relatively more deprived; where it is higher it is relatively less deprived. Index of Multiple Deprivation rankings are also available at the higher level geography of local authorities as a whole. As there are 326 authorities within the ranking process, any score above the England average of 163 means the authority is less deprived than the England average for each given measure and any score below 163 means the authority is more deprived than the England average. The scores for Bolton are set out in column 4 compared to the England average in column 5.

Domain	Waterside Gardens (Bolton 014C)	England Average	Bolton	England Average
	LSOA Ranking		Local Authority Ranking	
Income	2,142	16,422	35	163
Employment	2,474	16,422	29	163
Education	4,291	16,422	89	163
Health	1,508	16,422	37	163
Crime	4,801	16,422	64	163
Barriers to Services	13,314	16,422	264	163
Living Environment	11,816	16,422	103	163

English Indices of Deprivation 2015

The radar chart below shows these results in diagrammatic form . Where the Bolton and Waterside Gardens lines are within the green line the area is more deprived than the England average. Where they are outside the green line the area is less deprived than the England average:



English Indices of Deprivation 2015

On all the domains of deprivation the Waterside Gardens area is more deprived than the England average. In terms of income, employment and health it is within the 10% most deprived neighbourhoods in the country. It scores lower than Bolton as a whole on every measure apart from living environment.

These results identify a very traditional working neighbourhood with high levels of social need and where relatively poor health, education and income come together to create a high incidence of people eligible for benefits.

The table shows (in the Location Quotient column) how the number of jobs in each profession compares to the England average. This works by comparing the number of jobs in each sector by the number of workers in the population. Where the ratio is greater than 1, that sector is more significant than the England average; where it is less than 1, the sector is less significant. For example, a figure of 2 would suggest twice as many workers than the England average and a figure of 0.5 would suggest half the number of workers compared to the England average. Where there are a far higher proportion of jobs than the England average, we have shaded the profession green.

SECTOR	Location Quotient Waterside Gardens	Location Quotient Bolton	England Total Jobs 2014
A: Agriculture, forestry and fishing	0.00	0.07	153,354
B: Mining and quarrying	0.00	0.43	23,594
C: Manufacturing	3.60	1.53	2,020,070
D: Electricity, gas, steam and air conditioning supply	0.00	0.14	85,259
E: Water supply; sewerage, waste management	0.00	1.19	153,752
F: Construction	5.20	1.28	1,053,383
G: Wholesale and retail trade; repair of motor vehicles	1.80	1.21	3,876,129
H: Transportation and storage	0.20	1.20	1,109,371
I: Accommodation and food service activities	0.20	0.81	1,710,642
J: Information and communication	0.10	0.44	1,059,396
K: Financial and insurance activities	0.00	0.80	913,297
L: Real estate activities	0.80	1.26	408,857
M: Professional, scientific and technical activities	0.40	0.97	2,039,103
N: Administrative and support service activities	0.00	0.80	2,152,866
O: Public administration and defence	2.40	0.92	1,044,434
P: Education	0.40	0.92	2,258,975
Q: Human health and social work activities	0.80	1.18	3,144,303
R: Arts, entertainment and recreation	0.20	0.98	589,044
S: Other service activities	0.20	1.22	490,009
Column Total	N/A	N/A	24,285,839

Business Register and Employment Survey 2014

The comparative analysis of Waterside Gardens, Bolton and England reveals:

- The overall stock of jobs in all three areas has recovered since the 2008-10 recession with Waterside Gardens now having 175 more jobs than in 2010.
- Significant employment increases in construction and human health related activities have been offset in part by a relatively significant decrease in manufacturing employment.
- There are four sectors in the Waterside Gardens area, which have a significantly higher proportion of workers within the working population than the England average - manufacturing, construction, wholesale and retail and public administration (all sectors with a location quotient over 1 are shaded green).
- The area has a good job density (the stock of jobs divided by the working population) of 0.79, compared to 0.58 for Bolton and 0.69 for England.

The analysis suggests the area has a relatively robust employment base and a number of high skilled jobs, which lead to significant in-commuting for work (see origin and destination information below). This suggests it has a very traditional employment base, but that the link between the individuals who live in the area and the jobs in the area (in common with many such areas) has been lost. The relatively strong employment base of the area does suggest that over time there is scope for property values to rise.

PENSIONER CREDITS

Pensioner Credits provide a useful proxy for the relative affluence of the older population of an area. The table below provides a comparison between Waterside Gardens, Bolton and England:

Date	Waterside Gardens (ISOA 010C)	% of all Pensioners	Bolton	% of all Pensioners	England	% of all Pensioners
Pension Credit Claimants						
Feb 2014	135	60	12,510	31	1,968,900	21
Feb 2016	115	51	10,890	27	1,695,300	17

DWP 2016

There is a higher proportion of pensioners claiming pension credits in the Waterside Gardens area than in Bolton and England and over time the proportion of claimants is declining more rapidly than across England and Bolton as a whole.

These figures reveal significant levels of hardship amongst the local pensioner population and significant scope to provide supported housing to address the needs of the most vulnerable.

WORKING AGE BENEFITS

The table below shows the percentage of people in the Waterside Gardens area compared to Bolton as a District and England as a whole claiming working age benefits in February 2016:

Waterside Gardens (ISOA 010C)	Bolton	England
26.7	14.6	11.2

DWP 2016

These figures reinforce the picture of overall deprivation in the area. They support the notion of a long-term trend of likely need for supported housing for the older population of the area in addition to the demand based within its wider connected geographical hinterland.

POPULATION

The population of the lower super output area, which encompasses the Waterside Gardens area, is 2,130. This is very high for a lower super output area and reveals a densely populated area by Bolton and England standards.

Using mid-year population estimates for 2014/15 (the most recently available in the context of the geographies under consideration) the analysis indicates a very low proportion of the population of the area are over 65 - only 10.5% compared to an average around 20% for Bolton and England. The area also has a slightly higher working age population than the Bolton or England averages. The key population percentages for each area are set out in the table below:

Area	Waterside Gardens (ISOA 010C)	Bolton	England
% over 65	10.57	17.3	20.2
% 15-64 - Working Population	67.5	63.8	65

DWP 2016

There is no simple factor which explains the relatively low proportion of the population over 65, but it does point to the need to think about a wider catchment for the development of supported housing in this area. In view of the good connectivity of the area this should be straightforwardly possible.

The table below shows the number of people from the Waterside Garden area and Bolton who commute to other locations in the region for work. The second column (shaded green) shows the number of people who commute to work in the area from each local authority in the area. The first row (shaded green) shows where people from Waterside Gardens commute to.

This origin and destination information demonstrates that the area provides very few jobs for its residents – the majority of whom work in Bolton with a sizeable number also working in Salford/Manchester. The area provides jobs for over 1000 residents of other neighbourhoods in Bolton and a relatively significant number of residents from Bury and Wigan. This pattern of commuting, allied to the low educational outcomes for the Waterside Gardens area, follows the classic pattern of many low skilled neighbourhoods where those working in high value sectors such as manufacturing and public services commute in to work and those local people with lower skills commute to other areas in the locality for work.

This pattern of commuting reinforces the fact that the area has a relatively dynamic employment profile and is therefore well placed and resourced to attract both tenants and employees to any new supported housing provision.

Place of Work

Currently residing in	Waterside Gardens	Blackburn with Darwen	Bolton	Bury	Chorley	Manchester	Salford	West Lancashire	Wigan
Waterside Gardens	25	5	458	36	9	50	41	0	13
Blackburn with Darwen	23	31,801	1,827	554	739	766	331	110	254
Bolton	1,047	1,490	62,464	5,080	1,468	7,017	6,459	287	4,476
Bury	88	584	4,786	32,936	184	12,130	5,689	78	647
Chorley	23	1,328	2,453	248	17,280	1,099	559	1,077	1,912
Manchester	12	339	1,579	2,490	218	108,658	10,090	164	942
Salford	76	217	3,627	2,154	209	18,919	39,355	146	1,658
West Lancashire	2	161	280	64	942	629	278	20,637	2,483
Wigan	122	449	9,110	894	2,048	5,415	5,845	4,763	68,238

2011 Census: Origin and Destination (Output Area Level)

Given the relatively small size of the area and its central location in the borough of Bolton, we have used the Office of National Statistics Bolton local authority boundary 2015 for the area to identify the potential catchment for supported housing. The total population was 282,000 in 2015.

The norm for estimating the number of people who may require extra care housing is 2.5% of the population of over 75s. We have (Office of National Statistics) population projections at borough level for Bolton to 2035 and have applied this projection as a percentage of all people over 75 years of age. This suggests a requirement for extra care housing of **525** in 2017 and of **850** in 2035.

There is evidence that further factors need to be considered to get a fuller picture of the likely demand for extra care housing. We have followed the methodology set out in a report by Planning4Care in its commission to project the demand for extra care housing in Cumbria. The Planning4Care methodology suggests we should add a further 0.5% to take into account the fact that half of those over 75 years of age are likely to have dementia.

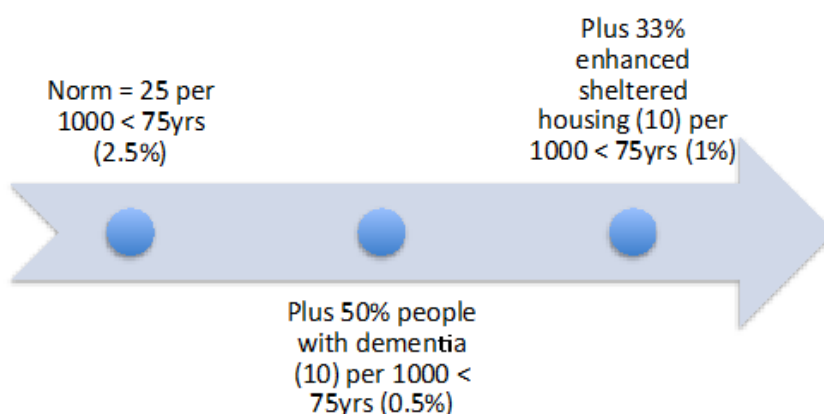
The Planning4Care methodology also suggests that we should add a further 1% to take account of the 33% of those over 75s who may decide to live in extra care housing regardless of their immediate need. Using ONS mid-year estimates and projections this methodology gives a figure for Bolton representing 4% of all over 75s.

Using ONS mid-year estimates and projections this methodology gives a figure for Bolton of **840 units required** in 2017 and **1360 units required in 2035**.

This helps us quantify the likely demand for supported housing and to ensure our development contributes to meeting the growing level of demand over time for supported housing in the Borough of Bolton.

We have set out the findings and conclusions of this analysis in the diagram below:

Extra care method & volumes



Need for ECH based on ONS mid-year population estimates for Bolton		
Year	2015	2025
Number	840	1360

Currently in Bolton there are ten existing developments which are described by the commissioner as providing extra care housing. These developments provide 320 units of accommodation. However, only three of these ten schemes are purpose-built and it may be considered that of the other seven not all are suited to providing the model of housing, care and technology which is described in this business case.