

THE BUSINESS CASE FOR EXTRA CARE HOUSING AT OUTWOODS IN BURTON-ON-TRENT

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



CONTENTS

INTRODUCTION	3
SUMMARY OF THE MODEL	4
PROJECTED REQUIREMENT FOR EXTRA CARE HOUSING	5
INTRODUCTION TO THE POTENTIAL PARTNERS	6
SOCIO-ECONOMIC AREA PROFILE	11
THE FINANCIAL CASE FOR EXTRA CARE HOUSING	19

1. INTRODUCTION

This business case describes a process for commissioning, funding, designing and developing extra care housing at Outwoods in Burton-on-Trent. The town is served by Staffordshire County Council and East Staffordshire Borough Council.

The business case has been commissioned by Community Solutions Partnerships Ltd from Social Care Strategies Ltd to inform commissioners, operators and investors of the levels of demand for new purpose-built extra care housing. Community Solutions Partnerships is part of STRIDE, a joint venture with Burton Hospitals NHS Foundation Trust (“the Trust”). The Trust is the owner of the Outwoods site and STRIDE is developing the site on the Trusts’ behalf.

Social Care Strategies’ experience and expertise includes:

- Managing whole system change in partnership with social care leaders 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 three other partners to provide specific technical expertise in financial analysis, socio-economic profiling and market rent analysis.

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 Department of Health and Department for Education 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 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 the private sector
- 100% social rented
- 100% nominations from Staffordshire County Council as the local commissioners of adult social care

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 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.

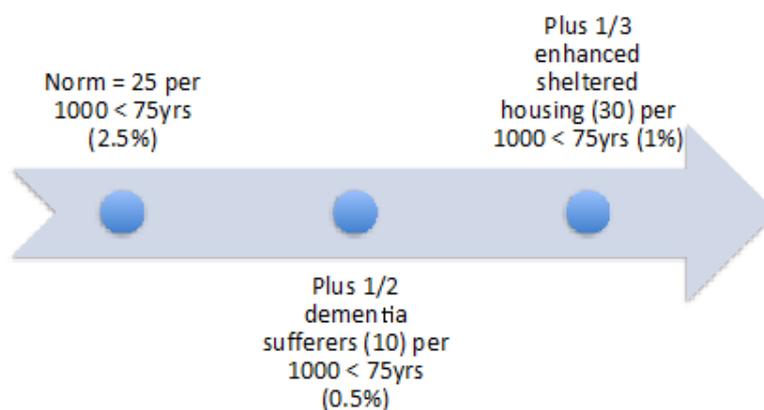
3. PROJECTED REQUIREMENT FOR EXTRA CARE HOUSING

Using ONS mid-year estimates and projections this methodology gives a figure for Burton of 212 spaces required in 2017 and 405 spaces required in 2039.

Currently there is one operational extra care housing development of 67 flats (a mixture of affordable rents and shared ownership) in Burton. There are two other developments between five and eight miles from the town centre, comprising 29 private sale and 88 mixed tenure. This suggests, therefore, that there is an immediate requirement for 145 additional spaces.

We have set out methodology and conclusions in the diagram and explanation below:

Extra Care Method & Volumes



Needs based on ONS Mid Year Population Estimates for Burton on Trent		
Year	2017	2039
Number	212	405
Net of existing supply (67 apartments)	145	338

The norm for estimating the number of people suitable for extra care is 25 over 75s per 1000 population (2.5%). Applying the Burton population projections to 2039 as a percentage of all over 75s in the area provides a figure for 2017 of 132 and 2039 of 253

The Planning4Care methodology suggests we should add 50% of those over 75s likely to have dementia, which it suggests is 10% of the population. We have, therefore, added five extra people per 1000 (0.5%).

The Planning4Care methodology also suggests we should add 33% of those over 75 suitable for enhanced sheltered housing, which it says nationally is 30 people per thousand. We have, therefore, added a further ten people per 1000 (1%).

4. INTRODUCTION TO THE POTENTIAL 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.

COMMISSIONER

Although this model does not require the local authority to provide any revenue or capital resources, it does need to contribute 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.

Staffordshire County Council will be asked by the registered provider to sign a nominations agreement. This confers no financial liability, but gives the commissioner first refusal over new referrals to the scheme.

HBV SUPPORTED LIVING

Community Solutions Partnerships is part of the Morgan Sindall Group plc. Morgan Sindall Group is part of a joint venture, HBV Supported Living which 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. Community Solutions can therefore draw upon HBV supported Livings resources and expertise to deliver the Outwoods scheme.

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 we have made a commitment to develop the Outwoods scheme, our immediate priority will be to secure the capital funding to acquire the land from the Trust 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 investment in a specific scheme is determined by two factors:

- 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.

- 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.

REGISTERED HOUSING AND SUPPORT PROVIDERS

As the County Council is aware, STRIDE has been discussing the Outwoods project with a number of registered housing providers including Riverside, Accord, Trent and Dove and Mears and these discussions are ongoing.

Of these, Mears has a track record of entering into the commercial contract structure proposed - HBV Supported Living has an agreement with Mears Group (through Mears' Plexus Housing Association) in relation to an 80-apartment scheme currently being constructed in Northampton. We can therefore introduce the local authority to Plexus in the knowledge that it has the covenant strength to satisfy the proposed investor and has a track record in delivering via the commercial structure described in this business case.

This business case has utilised Mears costings though for expedience, though the identity of the registered provider will be finalised over coming months (in consultation with the County Council).

Mears Group is also 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 also 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 a 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. HBV Supported Living's 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.

5. SOCIO-ECONOMIC AREA PROFILE

SUMMARY

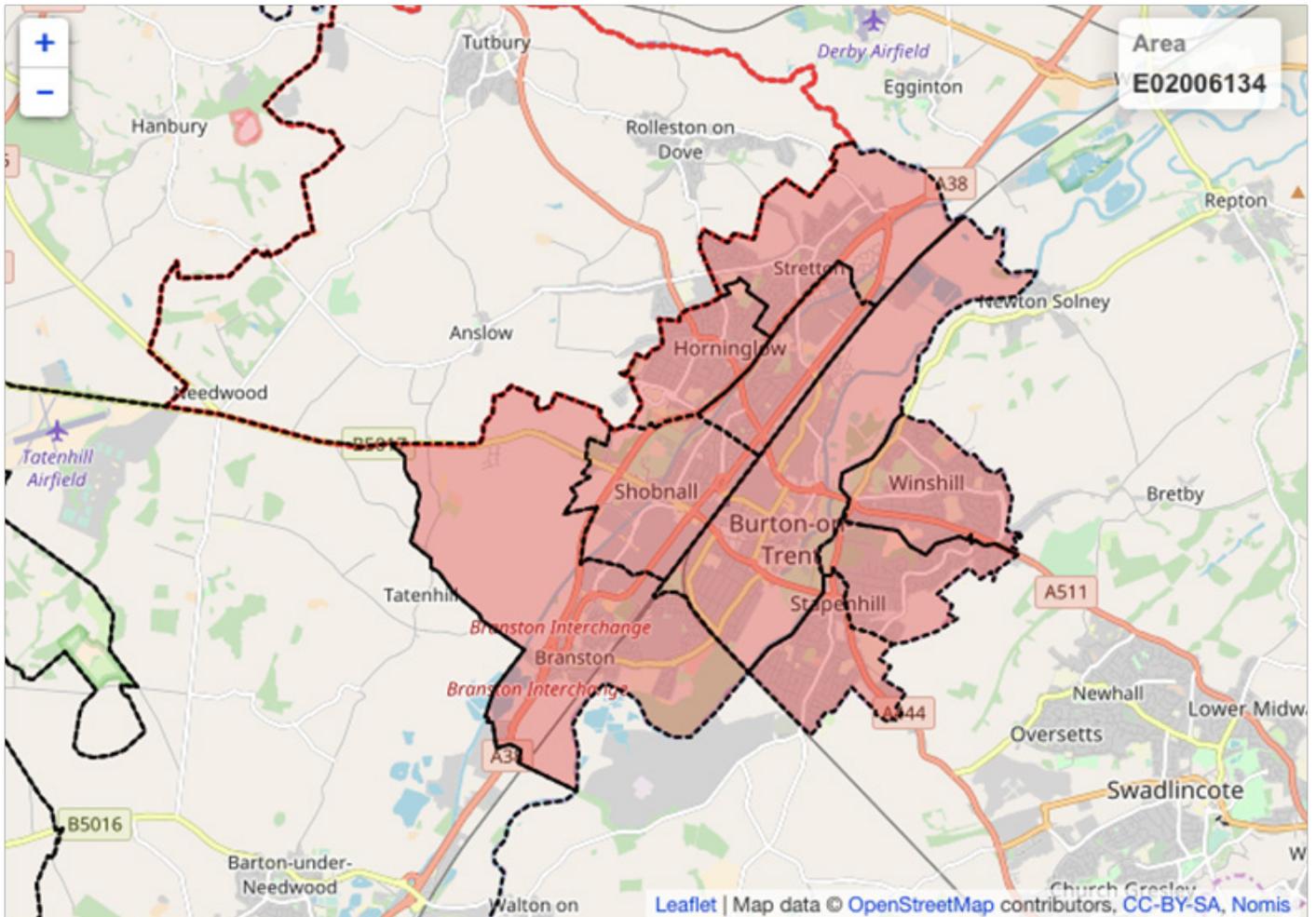
Burton-on-Trent is a medium-sized town on the borders of the East and West Midlands. It is well connected and relatively affluent. Many of the indicators used in this report show it to be very similar to the England average. It does have however a larger than normal stock in the council tax 'A band'. It also has very modest projected growth rates in terms of its population up to 2039 compared to the England average. **The current demand for extra care housing for older people is estimated to be 212 and will rise to 402 by 2039.**

OVERVIEW STATUS REPORT

This status report uses a RAG (Red, Amber, Green) approach to providing an 'at a glance' view of how Burton compares to England as a whole. 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. The analysis shows Burton to be an affluent area with a relatively young demographic.

Indicators Compared to England Average	Burton-on-Trent
Deprivation (English Indices of Deprivation 2015)	
Overall Deprivation	Green
Income	Yellow
Employment	Yellow
Education	Red
Health	Yellow
Crime	Green
Barriers to Services	Green
Living Environment	Red
Employment	
Job Density	Yellow
Commuting	Yellow
Benefit Claimants	
Pensioner Credits	Green
Working Age Benefits	Green
Age Profile	
Over 65	Green
Working Population	Yellow

This profile provides a comparison between key socio-economic indicators for the agreed population catchment area for the proposed extra care housing development and for England as a whole. This area is defined by the following statistical units of geography: middle super output areas 05 and 07-14. A map of the area is set out on the following page:



RELATIVE DEPRIVATION

The English Indices of Deprivation (2015) is 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 usually has a population in the region of 1500. 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; the 'outdoors living environment contains measures of air quality and road traffic accidents).

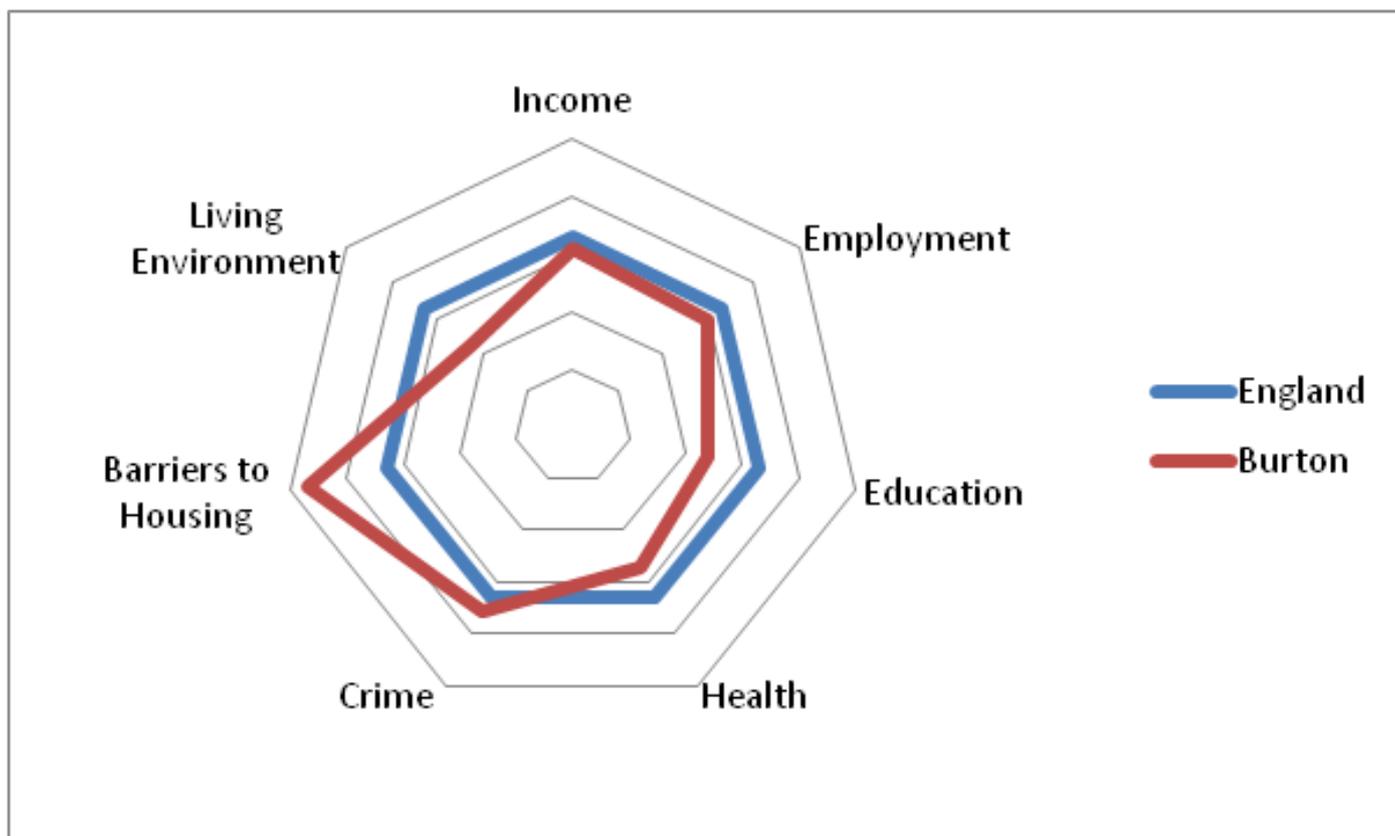
The Burton catchment area has 43 lower super output areas. We have produced an average score for Burton from these areas for each domain.

Comparative results for this neighbourhood 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). We have shown the average for the lower super output areas in relation to each measure compared to England.

IMD Decile	England	Burton-on-Trent
Income	16,422	15,524
Employment	16,422	14,909
Education	16,422	11,941
Health	16,422	13,497
Crime	16,422	17,904
Housing Barriers	16,422	23,045
Living Environment	16,422	11,275

English Indices of Deprivation 2015

The radar chart below shows these results in diagrammatic form. Where the Burton lines are within the blue line, the area is more deprived than the England average; where they are outside the blue line, the area is less deprived than the England average:



English Indices of Deprivation 2015

Burton has a series of scores which are very close to the England average on all measures apart from barriers to housing and services, where it performs marginally better, and education and living environment where it performs marginally worse.

BUSINESS PROFILE

The table shows (in the Location Quotient column) how the number of jobs in each profession in the Burton catchment compares to the England average. Where there are a far higher proportion of jobs than the England average we have shaded the profession green. For example, if the area has twice the proportion of jobs in a particular sector per head than England the quotient would be two. If the proportion is half the England average the quotient would be 0.5.

SECTOR	LQ
A: Agriculture, forestry and fishing	0.0
B: Mining and quarrying	0.0
C: Manufacturing	1.5
D: Electricity, gas, steam and air conditioning supply	0.2
E: Water supply; sewerage, waste management	1.4
F: Construction	0.6
G: Wholesale and retail trade; repair of motor vehicles	1.2
H: Transportation and storage	1.6
I: Accommodation and food service activities	0.8
J: Information and communication	0.4
K: Financial and insurance activities	0.3
L: Real estate activities	0.8
M: Professional, scientific and technical activities	0.7
N: Administrative and support service activities	0.9
O: Public administration and defence	0.7
P: Education	0.7
Q: Human health and social work activities	1.4
R: Arts, entertainment and recreation	1.1
S: Other service activities	0.8

Business Register and Employment Survey 2016

The comparative analysis of Burton and England reveals particular economic strengths in the area in terms of: manufacturing, water supply and sewerage management, wholesale and retail, transportation and storage, health services and arts, entertainment and recreation.

There are just under 38,000 jobs in the area. It has a working population of 46,075. Dividing the stock of jobs by the working population – a useful indicator of the economic vibrancy of an area gives a percentage called job density – the job density for the area is 0.82. This is slightly lower than the England average of 0.84.

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 Burton and England:

Date	Bolton	% of all Pensioners	England	% of all Pensioners
Feb 2015	2,200	19	1,968,900	21
Feb 2017	1,825	16	1,695,300	17

DWP 2017

WORKING AGE BENEFITS

The table below shows the percentage of people in Burton compared to England as a whole claiming working age benefits in November 2016:

Burton-on-Trent	England
11	11.2

DWP 2017

These figures indicate an area with the number of people claiming working age benefits on a par with the national average.

POPULATION

The population of Burton is 71,734.

Using mid-year population estimates for 2014/15 (the most recently available for the geographies under consideration) the analysis indicates a low proportion of the population of the area are aged over 65 years (only 15.8% compared to an average around 20% for England). The area also has a working age population on a par with the England averages. The key population percentages for each area are set out in the table below:

Area	Burton-on-Trent	England
% over 65	15.8	20.2
Working Population	64	65

ONS mid-year Population Estimates 2014/15

Burton has an ethnic mix consistent with the England average as shown in the table below:

Ethnic Group	Burton % rounded	England % rounded
All categories: Ethnic group	100	100
White	85	85
Mixed/multiple ethnic group	2	2
Asian/Asian British	11	8
Black/African/Caribbean/Black British	1	3
Other ethnic group	1	1

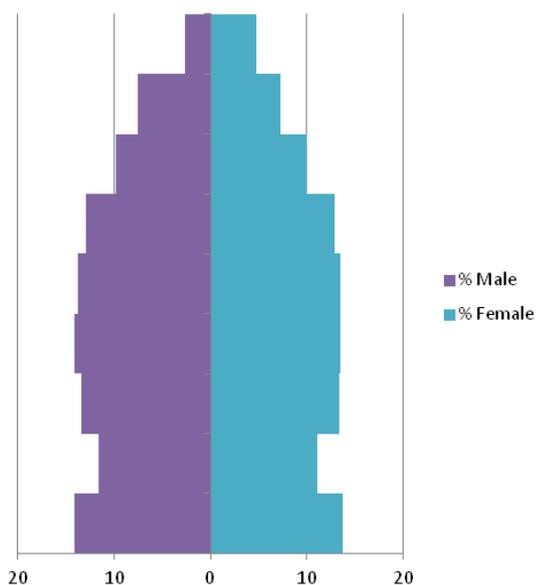
The following table shows the projected population change for Burton between 2014 and 2039. It is illustrated in diagrammatic form below alongside the current and projected population figures for England by way of comparison. This has been calculated by aggregating the middle super output population figures for the catchment. The projected population percentage increase from 2014-39 (only available at local authority level) for each 10-year age band in the table has been applied to the middle super output areas in each local authority area. All the areas have then been combined to give an overall figure.

These results indicate a slow growing area projected to grow by 9.5%. This compares to an all England projection of 16.5%. In line with England the proportion of over 75s will increase significantly over this period. This can be seen in the population pyramid charts, which compare Burton on Trent and England.

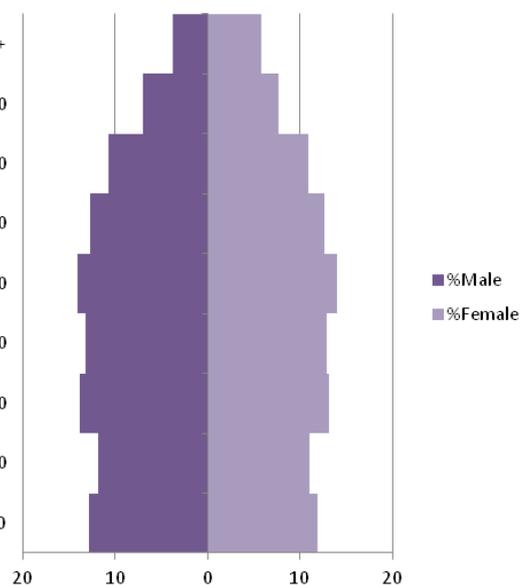
Age Band	2014			2039		
	Male	Female	Total	Male	Female	Total
1-10	5,103	4,898	10,001	5,154	4,898	10,052
11-20	4,179	3,969	8,148	4,513	4,247	8,760
21-30	4,817	4,759	9,576	4,672	4,711	9,384
31-40	5,081	4,797	9,878	5,335	4,749	10,084
41-50	4,977	4,827	9,804	4,927	4,393	9,320
51-60	4,666	4,586	9,252	4,666	4,494	9,160
61-70	3,536	3,593	7,129	3,996	3,952	7,948
71-80	2,708	2,594	5,302	4,631	4,202	8,833
80+	940	1,704	2,644	2,444	3,272	5,716
Total	36,007	35,727	71,734	40,338	38,918	79,257

ONS population projections

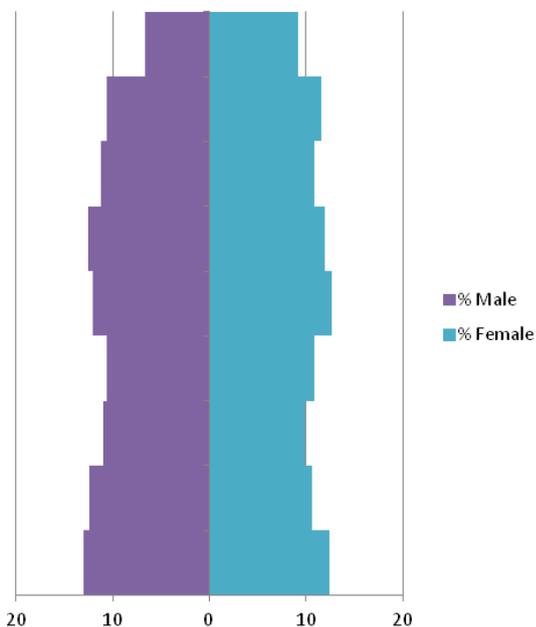
Burton 2014



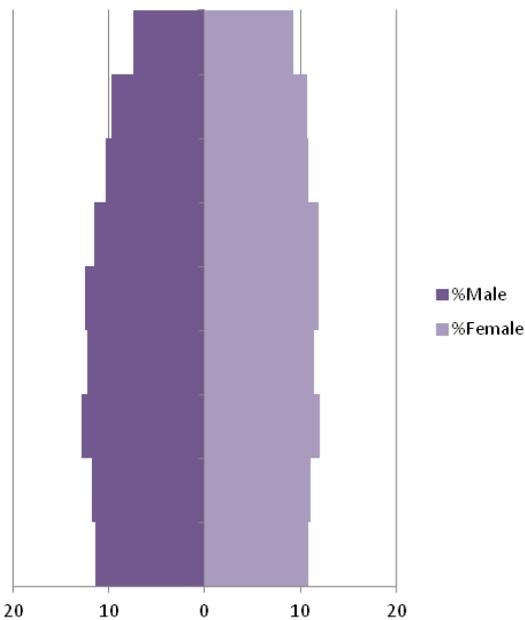
England 2014



Burton 2039



England 2039



WORKING AGE BENEFITS

The table below shows the number of people from Burton who commute to other locations in the near sub-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 top row (shaded green) shows where people from Burton commute to.

Place of Residence	Place of Work						
	Burton-on-Trent	Charnwood (Loughborough)	Derby	Birmingham	East Staffordshire	Stafford	Tamworth
Burton-on-Trent	16,185	108	1,551	559	18,201	245	198
Charnwood	91	32,037	624	280	117	27	51
Derby	1,739	559	67,574	554	2,384	123	78
Birmingham	401	151	289	256,811	500	441	1,432
East Staffordshire	19,114	155	2,488	982	26,843	1,113	334
Stafford	179	16	157	1,171	778	31,910	117
Tamworth	351	61	138	4,672	469	194	13,681

2011 Census: Origin and Destination (Output Area Level)

This origin and destination information demonstrates that the area has a major employment relationship with Derby. Apart from that the area is relatively self-contained with most people living and working in Burton or within the wider district of East Staffordshire.

COUNCIL TAX BANDS

Area	A	B	C	D	E	F	G	H
England	5,869,590	4,707,100	5,227,820	3,698,840	2,284,110	1,207,430	841,740	140,850
%	24	20	22	15	10	5	4	1
Burton-on-Trent	14,440	7,220	4,760	2,900	1,560	360	100	0
%	46	23	15	9	5	1	0	0

Valuation Office Agency 2017

Taken as a whole the area has a far higher proportion of houses in bands A and B than the England average.

Using tables setting out the impact of development on employment and expenditure in an economy developed by the Scottish Government called 'input-output tables, we can show the full economic impact of investment in new jobs in the area.

The economic impact of an activity is based on three elements: the direct value of the expenditure concerned; the indirect value of the expenditure concerned (i.e. the beneficial impact of the direct expenditure on the suppliers of the service concerned - how much of the money they receive circulates in the economy); and the induced impact of the expenditure concerned (i.e. the impact of the indirect expenditure on their suppliers - how much of the money they receive circulates in the economy).

The level of impact is determined by the nature of the economic activity and it can be expressed in terms of either jobs or money (known as 'gross value added'). As these two ways of expressing impact have different roots (one in jobs and the other in money), their multiplier impact is not always identical in percentage terms.

The projected number of jobs directly employed at the proposed facility is 17 full time equivalents. We know that the indirect effect of this is a further 60% or ten jobs and the induced effect is a further 20% or three jobs based on the employment effect in the input-output tables for 'residential care and social work' (which is the best match for the nature of the jobs concerned).

The projected turnover of the facility is £450,000. The indirect effect of this is 60% (£270,000) and the induced effect is 40% (£180,000). These figures are again based on the 'residential care and social work' multipliers in the tables.

Overall then we can demonstrate that the investment concerned will generate 30 jobs and £900,000 of GVA annually.

Area of Analysis	Data Source
Deprivation	English Indices of Deprivation - Department of Communities and Local Government 2015
Business Data	Business Register and Employment Survey - Office for National Statistics 2016
Pensioner Credits and Working Age Benefits	Department of Work and Pensions - 2016/17
Population	Office of National Statistics Population Forecasts 2014-39
Ethnicity	2011 Census
Origin and Destination	2011 Census
Council Tax Bands	Valuation Office Agency 2017

6. THE FINANCIAL CASE FOR EXTRA CARE HOUSING

INTRODUCTION

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.

This section makes the financial case for extra care housing as an alternative to residential or high cost domiciliary care. For the purposes of this business case we have modelled the potential costs of support in extra care housing based on a mix of needs within the proposed scheme of 80 one-bedroom apartments. 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. This research reports average social care savings of £1,222 per resident year and up to £4556 for high needs residents. 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 the Aston University findings add weight to the financial case for extra care, the underlying data are confidential. Therefore, the East Sussex model has been used as the basis for the financial case as the underlying model as it can be tailored to match the local costs and resident numbers

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.

- **Option A** reflects the independent assessment of the 189 residents living in extra care 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 the East Sussex proposed mix of needs in future schemes, but reflects Mears proposed charge rate for extra care of £16.50 per hour.

We are aware that the hourly rate for care proposed in option B is higher than the Council's usual price for extra care providers. However, this higher rate reflects not only the business risk required in setting up a new scheme with the resulting set up costs, but also the higher average pay rates that Mears is proposing to pay its staff.

Given that Mears' proposed hourly rate is higher than the Council would usually expect to pay, we have compared this rate with Valuing Care's national cost model and a calculation of a VFM rate. To inform this review Mears completed Valuing Care's cost survey template, breaking down its proposed hourly charge rate for standard daytime care of £16.39 and waking night support of £16.85 between the cost types within

the cost model.

Mears' proposed rate for day time support in extra care is £2.21 per hour more than Valuing Care's model rate. The variance is largely attributable to the basic rate of pay which Mears pays its staff, which is £1.39 more than our estimate of a typical market rate. This variance is exaggerated by the knock-on effect on the cost of employers' on-costs and cover.

Mears' proposed rate for night time support in extra care is £1.02 per hour more than the model rate. Again, the variance is largely attributable to the basic rate of pay which Mears's pays its staff, which is £0.50 more than our estimate of a typical market rate for home care workers working in the community.

Estimated revenue cost of extra care: option A

The following table estimates the revenue cost of providing extra care in the proposed scheme of 80 one-bedroom flats in Burton, replicating the reported mix of needs and care requirements of residents living within East Sussex schemes. We have estimated the cost of supporting residents within each needs group by multiplying their average care requirements by the current price paid for extra care in Staffordshire of £14.70 per hour. (Please note that the average care requirements exclude community nursing care services).

The rate paid for extra care in Staffordshire will logically include provision for staff involved in the management and administration of the service, who are likely to be based at the scheme and will consequently provide an element of cover. To be prudent we have made additional provision for a basic level of core staffing, assuming two waking care staff on duty 24 hours per day. We have also assumed 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	26	22	20	8	4	80
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	-	-
Cost of extra care /hr (in Staffordshire)	£14.70	£14.70	£14.70	£14.70	-	-
Estimated Cost per SU Week:						
Estimated cost of home care /wk	£257.25	£176.40	£102.90	£0.00	-	-
Estimated contribution to basic core staff /wk	£64.99	£64.99	£64.99	£64.99	-	-
Total Cost for 1 SU per Week	£322.24	£241.39	£167.89	£64.99	-	-
Total Cost per Week (for 76 SU)	£8,378	£5,311	£3,358	£520	-	£17,567
Total Cost per Annum (for 76 SU)	£463,865	£276,908	£175,085	£27,110	-	£915,968

The table shows the cost of social care for each resident to range between £65 and £322 per week, depending on their level of need. Based on the replicated mix of needs, this equates to a total cost of £17.6k per week for the care of 76 service users (allowing four places for voids) or £916k per annum.

Estimated revenue costs of alternative services: option A

The following table estimates the revenue cost of providing alternative services for those currently living in extra care (i.e. should extra care not be available). The percentage of service users requiring each alternative has been applied to a population of 76 service users to enable comparison with the cost of extra care reported above. It is of note that all 48 service users identified as having either medium or high needs (receiving more than 10 hours of care per week) were assessed as otherwise requiring a care home place. In order to estimate the cost of alternative care home places we have calculated the average/mid-point in the range of reference prices for each lot/service type reported by Staffordshire County Council. (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).

The estimated cost of home care for a low needs service user is based on the provision of seven hours care per week, priced at the current price paid for home care in Staffordshire of £16.10 per hour. This price is higher than the rate for extra care delivered in an extra care scheme, as it includes provision for travel time between appointments and transport costs.

Finally, we have assumed that all service users living in either residential or nursing care are entitled to pension credits, providing them with a guaranteed minimum income of £159.35 per week (at 2017/18 rates). 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.

	Nursing Care	Residential Dementia	Residential Care	Home Care - Low Need	Voids	
Percentage requiring each alternative	15%	4%	44%	37%	-	100%
Number of SU requiring each alternative	11	3	34	28	4	80
Estimated Cost per SU Week					-	
Estimated cost of alternative service /wk	£509.00	£564.50	£494.00	£112.70	-	-
Estimated client contribution	£134.45	£134.45	£134.45	£0.00	-	-
Net Cost per SU Week	£374.55	£430.05	£359.55	£112.70	-	-
Total Cost per Week (for 76 SU)	£4,120	£1,290	£12,225	£3,156	-	£20,791
Total Cost per Annum (for 76 SU)	£214,831	£67,272	£637,431	£164,542	-	£1,084,076

The table shows the net cost of alternative care home and home care services in the wider community to range between £113 and £430 per week depending on the service required. Based on the percentages requiring each alternative, this equates to a total cost of £20.8k per week for the care of 76 service users, totalling £1.084m 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	26	22	20	8	4	80
Estimated Cost of Extra Care /wk	£322	£241	£168	£65	-	-
Estimated Cost of Alternative Services /wk	£374	£360	£113	£113	-	-
Variance in Cost per SU Week	-£52	-£118	£55	-£48	-	-
Variance in Cost per SU Year	-£2,701	-£6,161	£2,878	-£2,488	-	-
Total Variance per Year (all SU)	-£70,214	-£135,547	£57,555	-£19,902	-	£168,109

The table shows the revenue cost of extra care to be £168k less per annum than the cost of providing alternative service options to 76 service users in a scheme of 80 places. This represents an effective saving of approximately 16% 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) and whose care costs are significantly lower (-£118 per person per week) as a result of living within an extra care community. Service users assessed as having high care needs (+15 hours per week) also appear to generate savings (-£52 per person per week) assuming they receive an average of 17.5 hours of direct care. It's only when the extra care residents require more than 21 hours of direct care and support that a care home service may start to become more cost effective for people with high needs.

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 (+£55 per person per week) living in an extra care environment. As they reportedly receive comparable amounts of direct care living either in extra care or the wider

community (approximately 7 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: option B

The following table estimates the revenue cost of providing extra care in a notional scheme of 80 one-bedroom flats in Burton, reflecting the East Sussex proposed mix of needs in future schemes of 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.

This option allows for Mears' proposed hourly rate of £16.50 per hour, which takes account of the financial risk taken by the operator in covering the cost of void tenancies.

Level of Need	High	Medium	Low	None	Voids	Total
Proposed SU in each needs group	23	38	15	0	4	80
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	-	-
Mears proposed cost of Extra Care /hr	£16.50	£16.50	£16.50	£16.50	-	-
Estimated Cost per SU Week:						
Estimated cost of home care /wk	£288.75	£198.00	£115.50	£0.00	-	-
Estimated contribution to basic core staff /wk	£72.95	£72.95	£72.95	£72.95	-	-
Total Cost for 1 SU per Week	£361.70	£270.95	£188.45	£72.95	-	-
Total Cost per Week (for 76 SU)	£8,319	£10,296	£2,827	£0	-	£21,442
Total Cost per Annum (for 76 SU)	£433,778	£536,863	£147,393	£0	-	£1,118,034

The table shows the cost of social care for each resident to range between £188 and £362 per week, depending on their level of need. Based on the proposed mix of needs, this equates to a total cost of £21.4k per week for the support of 76 service users (allowing four places for voids) or £1.118k 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.

	Nursing Care	Residential Dementia	Residential Care	Home Care - Low Need	Voids	
Percentage requiring each alternative	18%	5%	57%	20%	-	100%
Number of SU requiring each alternative	14	4	43	15	4	80
Estimated Cost per SU Week					-	
Estimated cost of alternative service /wk	£509.00	£564.50	£494.00	£112.70	-	-
Estimated client contribution	£134.45	£134.45	£134.45	£0.00	-	-
Net Cost per SU Week	£374.55	£430.05	£359.55	£112.70	-	-
Total Cost per Week (for 76 SU)	£5,244	£1,720	£15,461	£1,691	-	£24,115
Total Cost per Annum (for 76 SU)	£273,422	£89,696	£806,162	£88,148	-	£1,257,428

The table shows the net cost of alternative care home and home care services in the wider community to range between £113 and £430 per week depending on the service required – this is the same as option A. Based on the percentages requiring each alternative, this equates to a total cost of £24.1k per week for the support of 76 service users, totalling £1.257m 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 service options for each level of need.

Level of Need (in extra care environment)	High	Medium	Low	None	Voids	Total
Number of Service Users	23	38	15	0	4	80
Estimated Cost of Extra Care /wk	£362	£271	£188	£73	-	-
Estimated Cost of Alternative Services /wk	£381	£360	£113	£113	-	-
Variance in Cost per SU Week	-£19	-£89	£76	-£40	-	-
Variance in Cost per SU Year	-£1,003	-£4,620	£3,950	-£2,073	-	-
Total Variance per Year (all SU)	-£23,079	-£175,560	£59,245	£0	-	-£139,394

The table shows the revenue cost of extra care to be £139k less per annum than the cost of providing alternative service options to 76 service users in a scheme of 80 places. This represents an effective saving of approximately 11% on the cost of providing traditional care home and home care support.