Cabinet Meeting on Wednesday 20 May 2015

Learning Disability residential accommodation re-provision in the Lichfield area

Alan White, Cabinet Member for Health, Care and Wellbeing said,
““As a county council we are committed to making sure that everyone in Staffordshire, regardless of age, race or disability, has access to the support they are assessed as needing to live a happy, fulfilled and independent life as possible.

“This has meant bold changes to our approach across the whole council, moving away from “fitting” people into what is already available to offering more tailored, flexible and personal care to valued members of our community.

“This proposal to create new supported living accommodation in Lichfield will enable people with learning disabilities to live the way they choose to in a caring and supportive environment, and to be a more integrated part of the wider community.

“I believe this proposal is an integral part of our work to meet the very different and individual needs of people with learning disabilities in Staffordshire in the best possible way”.

Report Summary:

This proposal is for the redevelopment of two proposed sites in the Lichfield area to provide 24 supported living units suitable for people with learning disabilities and two resource flats for communal use by the residents/staff facilities.

Sites proposed for this project:

- Hawthorn House site, Hawthorn Close Burton Old Road, Lichfield, WS13 6EN
- Scotch Orchard site, 53-55 Scotch Orchard, Lichfield, WS13 6DE
Recommendations

I recommend that:

a. That Cabinet approves, in principle, the contract award for the provision of supported living accommodation for people with learning disabilities in Lichfield to Progress Housing Group

b. That Cabinet approves the disposal of both Scotch Orchard and Hawthorn House sites to Progress Housing Group for a combined receipt of £1,112,000

c. That Cabinet delegates the decision for final contract award to the Cabinet Member for Health, Care and Wellbeing in consultation with the Director of Democracy, Law and Transformation.
Cabinet – Wednesday 20\textsuperscript{th} May 2015

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Recommendations of the Cabinet Member for Health, Care and Wellbeing

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Report of the Director for Place and the Director of Finance and Resources

Reasons for Recommendations:

Background:

1. Staffordshire County Council (SCC) is keen to ensure that people with learning disabilities can live as independently as possible, with support where it is needed. A shortfall of suitable accommodation to achieve this across Staffordshire has been identified and demand is on the increase. Therefore, the need to provide new build supported living schemes is now a priority. A Capital Contribution has been made available to help address some of this housing deficit.

2. An initial tender exercise carried out in 2011 failed to attract any interest from the market.

3. Following a change in the project’s governance, with the District Commissioning Lead (Lichfield) taking the role of Project Executive, a change in approach was proposed and a PIN notice was published in January 2013 from which 15 developers expressed interest. Informal expressions of interest were followed up with a telephone call to ensure bidders knew SCC’s expectations. Verbal feedback was positive and a Competitive Dialogue approach was agreed.
4. Tender documents were released onto the procurement portal in October 2013. Only one formal response to the tender was returned within the timescale required. Enquiries were made with those who expressed an interest but did not then follow it up. No consistent reason was given with reasons ranging from complicated sequencing, wrong time due to workload and not being interested having seen tender details.

5. The tender submitted was from Progress Housing Group (PHG). PHG are an award winning market leader see paragraph (a) and (b) below in the provision of independent living accommodation for people with learning disabilities. Across the UK they have approximately 3,000 individual units of accommodation of the type required. Therefore, following discussions with the Director of Finance and Resource the decision was made to proceed with the procurement process in order to identify whether PHG could meet SCC’s outcomes.

a. Independent Specialist Care Awards 2014 – Supported Living winners
b. TPAS Awards 2013 – Excellence in working together winners

6. The procurement process outlined a desire to potentially re-develop two SCC owned sites, Scotch Orchard and Hawthorn House, in order to create 20 units of independent living accommodation (17 one bed apartments and 3 two bed apartments) plus 2 resource units. These were to be created with a maximum intensity of 10 units plus resource unit per site. Flexibility in the procurement process enabled bidders to introduce alternative sites which were not SCC owned, so long as they were within a one mile radius of Lichfield city centre.

General Issues

7. A series of dialogue sessions were held with PHG during spring 2014 which resulted in the submission of initial and final solutions and financial offers. From their experience across the UK PHG proposed a slightly different model in which the two bedroom apartments required by the procurement notice were replaced by one bedroom apartments on the bases that voids are difficult to fill in two bed apartments due to the need to find compatible housemates. Therefore the final proposal was for 24 x 1 bed apartments, split over the two sites in equal measure, plus a resource area and communal lounge at each site.

8. The Commissioner for Learning Disabilities and the in-house providers Independent Futures have confirmed that the alternative configuration that this proposal will offer will enable all those currently living in the SCC residential settings to be re-housed and will also create an additional unit for somebody on the waiting list for independent living accommodation.

9. Throughout the dialogue sessions SCC colleagues with extensive experience of working with people with learning disabilities have been impressed with the standard of PHG designs and back office systems to ensure Staffordshire’s
residents will receive a high quality accommodation offer if this proposal is accepted.

10. PHG do not own any land in the Lichfield area with their main operating bases being in the north-west and south-west of England. PHG undertook a site search across the one mile radius of Lichfield city centre but were unable to identify any suitable sites and therefore their bid requires the use of both Scotch Orchard and Hawthorn House sites. The site area at both locations is greater than PHG need purely for the independent living apartments and their initial request was to only acquire half of each site and for SCC to retain the rest. Commissioners had already discounted a solution all on a single site and PHG confirmed that this was in line with national best practice. However, both sites have limitations in terms of access with only a single entry point being possible from the public highway. Therefore, PHG were encouraged through the dialogue sessions to find a partner who would utilise the remainder of the site.

11. In March 2014 the residents from Scotch Orchard were re-located to the site of Hawthorn House to enable an element of good housekeeping in terms of staffing. During the transition planning for the move residents and their carers were assured that this was a temporary move until an independent living solution had been agreed. This means that currently the Scotch Orchard site is vacant with Ad-Hoc security providing a tenanted solution at a fraction of the cost to SCC than usual securing for an empty property.

12. The final utilization of land in the proposal put forward by PHG, outlined in Appendix 1 and 2, now incorporates a mix of 2 and 3 bed affordable housing on the remainder of each site, in conjunction with another registered social landlord. It also proposes a phased development approach of creating 12 units of accommodation initially on the vacant Scotch Orchard site, followed by transition of some residents from Hawthorn House to enable the second partial demolition and rebuild phase, before the final phase of demolition of the remainder and building of the affordable housing. This will enable a phased approach to the staffing reduction as outlined in the Equalities Impact section of the report.

13. Incorporating this end use into the project solution has had a threefold benefit to the project;

   a. SCC are not left with a small parcel of land at each site which would be difficult to market,

   b. the financial offer from PHG has increased the capital receipt offered to SCC and

   c. the additional affordable housing will contribute an additional revenue stream to SCC (over a six year period) through the New Homes Bonus from Department for Communities and Local Government (financial details are listed under point 25 of this report).
Financial

14. Following a series of dialogue sessions a final, improved, financial offer of £1,112,000 has been received from PHG. PHG are basing their rent level in line with the West Midlands average which enables them to secure significant additional investment into the project via the Homes and Communities Agency grant.

15. The market value for both sites combined is valued at £1,505,000. The final offer of £1,112,000 from PHG creates an undervalue of £393,000. This is dealt with in para 21.

16. Through the dialogue sessions alternative financial models shown in Appendix 3 were considered in order to see if a higher value receipt could be received. However, this could only be achieved by charging market rent and this would have made any application for additional capital funds from the Homes and Communities Agency invalid. It would also have left SCC in a position of underwriting significant risks around future void costs and any changes within the allocation of Housing Benefits.

17. Due to limited experience in Staffordshire it is difficult to measure the revenue expenditure differences between in-house residential provision and independent living accommodation, with separate care and support tendered arrangements. It is predicted that revenue expenditure will be cost neutral or gradually decrease as a result of improved quality of life and behaviour of individuals within better environment.

Equalities Implications:

18. The proposed development is part of the modernisation of LD services countywide: since the project of LD residential modernisation began, sixty-five individuals have moved on to new homes, most often to supported living apartments or small group living homes. This has seen examples of increased one-to-one hours for most individuals leading to increased opportunities to access activities and events in day-to-day life. Equally, where there have been instances of behaviours that challenge the service, there has been a marked decrease in incidents, with the benefit of individuals having far more personal and private space in the new apartments than they could ever have had in the traditional residential settings.

19. The nature of the role of staff working in Supported Living accommodation is different to that in a residential home setting. As a result, TUPE will not apply to the 75 staff (69 permeant positions) currently working at Hawthorn House. Changes to staff will take place over a phased two year period, with those members of staff who are interested in working in the new supported living accommodation supported to make effective applications, and other staff supported to take advantage of training and relevant employment opportunities. HR will continue to liaise closely with regular Trade Union meetings and as part of the tender for care and support in the new environment, staff will be made aware of opportunities to apply for employment with the new provider. For those exiting the service, HR will
provide information on outplacement support and CV building: all staff will receive individual consultation with representation as part of the process.

Legal Implications

20. An in principle contractual position has now been arrived at, so subject to Cabinet approval, a development agreement, housing contract and nomination rights and land lease will need to be signed off by both parties once the finer detail has been worked through. This report seeks delegated approval for the Cabinet Member for Health, Care and Wellbeing in conjunction with the Legal Services Unit to sign off the final contract.

21. Although this is an undervalue disposal in terms of S123 of the Local Government Act 1972, it is also permissible by the application of the General Disposal Consent (England) 2003 in that the undervalue is less than the £2 Million threshold, and the local authority is satisfied that the disposal will contribute to the improvement of the social and environmental well-being of the residents in the existing accommodation.

Resource and Value for Money Implications

22. The initial tender documentation offered the successful developer a contribution of £50,000 per unit of accommodation to incentivise the market to respond. Based on the original tender requirement this contribution was capped at £1M for 20 units. It should be borne in mind that the final solution offered by PHG will create 24 units of accommodation reducing SCC’s contribution down to just under £42,000 per unit. In addition all of the nomination rights for this development will sit with the SCC for a 30 year period.

23. It is important to point out that early experience from a similar scenario at Salt Bank Court in Stafford indicates that the move to a supported, less crowded, living environment gives a better quality of life in the aspects of far more privacy, more individual one-to-one staff hours and an environment which leads to far lower levels of behaviours that challenge the service. A reduction in incidents of challenging behaviour is expected to translate into reduced support costs.

24. The County Council currently receives 20% of the New Homes Bonus that applies to new dwellings for a period of six years after construction. For independent living accommodation of this nature this would be equivalent to the average band A Council Tax rating (£962.75) plus £350 for affordable housing. This provides an SCC total share of £1,695.30 per unit of accommodation over the six years. Across the two sites a total of 54 units of affordable accommodation will be provided, representing a potential income of £91,546 to SCC over the six years post construction.

25. The regulator’s assessment on compliance with the Governance & Financial Viability Standard is expressed in grades from G1 to G4 for governance and V1 to V4 for viability. For both viability and governance the first two grades
indicate compliance with the standard. The Homes & Communities Agency (HCA) regulatory ratings for PHG states that they are Properly Governed (G2) and Viable (V1).

26. Taking into account the PHG’s considerable experience of developing supportive living accommodation nationally we have no major concerns or issues with their design proposal which will see that each one bedroom flat is approximately 50 sq./m in size and compliant to Level 3 of the Code for Sustainable Homes.

Risk Implications:

27. There are no major risks for the project at this stage.

28. Until the final contract detail has been concluded, predominantly the legal work for a development agreement, land lease and housing contract there remains a risk that a mutually agreeable position cannot be reached.

29. Failure to advance on the basis of the improved offer from PHG will essentially mean that the project will go back to the start. Upon previous experience this is likely to add a further two years to the project.

List of Appendices

Appendix 1 Proposed layout at Scotch Orchard
Appendix 2 Proposed layout at Hawthorn House
Appendix 3 Cost Modelling

Report Commissioner: Wayne Mortiboys
Job Title: District Commissioning Lead for Lichfield
Telephone No: 07855 336997
Email: wayne.mortiboys@staffordshire.gov.uk
Summary of Community Impact Assessment (including a Health Impact Assessment if applicable) for Learning Disability residential accommodation re-provision in the Lichfield area

<table>
<thead>
<tr>
<th>SCC’s Priority Outcomes &amp; Impact Areas</th>
<th>Impact Assessment</th>
<th>Provide brief detail of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prosperity, knowledge, skills, aspirations</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Living safely</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Supporting vulnerable people</td>
<td>Positive</td>
<td>Purpose built accommodation will provide choice and flexibility to meet individual client needs. The scheme will offer access to services from reputable, proven and quality assured specialists in providing care and support to adults with learning disabilities.</td>
</tr>
<tr>
<td>Supporting healthier living</td>
<td>Positive</td>
<td>Will provide better living environment for people with learning disabilities and will support them in developing independence.</td>
</tr>
<tr>
<td>Highways and transport networks</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Learning, education and culture</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Children and young people</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Citizens and decision making, improved community involvement</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Physical environment including climate change</td>
<td>Positive</td>
<td>Will improve physical living environment by creating purposely build spacious accommodation</td>
</tr>
<tr>
<td>Maximisation of use of community property portfolio</td>
<td>Positive</td>
<td>As well as using owned land to provide supported living will create additional social landlord properties.</td>
</tr>
<tr>
<td><strong>Equalities Impact</strong></td>
<td>Impact: (positive / neutral / negative)</td>
<td>Provide brief detail of impact</td>
</tr>
<tr>
<td>Age</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Disability</td>
<td>Positive</td>
<td>The scheme will create better living environment for people with learning disabilities</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Gender</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
<tr>
<td>Religion / Belief</td>
<td>Neutral</td>
<td>No Impact</td>
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<tr>
<td>Sexuality</td>
<td>Neutral</td>
<td>No Impact</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Impact / Implications</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource and value for money</strong> (in consultation with finance representatives)</td>
</tr>
<tr>
<td>In return for the 250 year land lease and £1m capital contribution the SCC will receive 30 years of nomination rights through a Housing Contract for 24 brand new purposely built supported living accommodation units. Additional value will be achieved through the provision of affordable housing on the remainder of each site, in conjunction between PHG and another locally based registered social landlord. The affordable housing element will contribute an additional revenue stream to SCC through the New Homes Bonus from Department for Communities and Local Government.</td>
</tr>
</tbody>
</table>

| **Risks identified and mitigation offered** (see corporate risk register categorisation) |
| There are no major risks for the project at this stage. |

| **Legal imperative to change if applicable** (in consultation with legal representative) |
| An in principle contractual position has now been arrived at, so subject to Cabinet approval, a development agreement, housing contract and nomination rights & land lease will need to be signed off by both parties once the finer detail has been worked through. This report seeks that Cabinet delegates the decision for final contract award to the Cabinet Member for Health, Care and Wellbeing in consultation with the Director of Democracy, Law and Transformation. |

**Report Commissioner: Wayne Mortiboys**