

**Manchester City Council
Report for Resolution**

Report to: Executive – 27 July 2016

Subject: Learning Disability Supported Housing Accommodation Investment Project

Report of: Strategic Director (Development)
Strategic Director of Adult Social Services

Summary

The report outlines proposals for an invest to save proposition for new build re-provision of some of the existing shared supported housing accommodation for clients with Learning Disability. This will meet increasing and changing needs of this client group, provide health and well being benefits, and achieve financial efficiencies in relation to staffing and support costs.

The report details the need for accommodation re-provision and the delivery partnership developed with Registered Provider partners, working as a consortium, to seek Homes and Communities Agency funding for 70 units of accommodation on 4 sites across the city.

Executive approval is sought for the disposal of 4 sites at less than best value, the ring fencing of proceeds of sale from disposals of existing supported accommodation and a capital expenditure of up to £3.05m to support delivery of this accommodation project.

Recommendations

That Executive approve:

- a. Subject to any consent of H M Government under the Local Government Act 1972 that may be required in respect of the same, the disposal for less than the best consideration that can be reasonably obtained to Registered Provider partners of 4 sites of which 3 are identified in the report, on which the 70 units of new build accommodation will be developed.
 - b. Delegate authority to the Head of Development to agree final development appraisals prior to disposal of any of the sites at less than best value in consultation with the Executive Member for Finance and the Executive Member for Housing.
 - c. The granting of a capital expenditure of up to £3.05m towards the project to deliver financial benefits as set out in the report, and to note the potential to off set these capital costs from the proceeds of sale of existing decommissioned Learning Disability and Supported accommodation.
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Wards Affected:

All wards potentially as this is not just accommodation for people residing in the wards in which the properties will be located.

In terms of the location of sites, wards affected will be Moston, Gorton North and Harpurhey plus a Wythenshawe ward to be identified when a suitable 4th site is agreed.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The schemes offer employment opportunities for residents in the surrounding areas as well as training and placement opportunities for students. The new schemes will provide opportunities for clients to develop practical and social skills which in turn may help some clients take on employment opportunities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The development process will provide construction opportunities and the delivery of this new accommodation model will contribute to the savings and efficiencies required in relation to local social care budgets.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The spread of the new Learning Disability accommodation across neighbourhoods within the north, east and south of the city will provide more opportunity for clients with learning disabilities to remain in neighbourhoods close to family and friends, within a supportive community.
A liveable and low carbon city: a destination of choice to live, visit, work	The new developments will provide high quality energy efficient accommodation
A connected city: world class infrastructure and connectivity to drive growth	

Environmental Impacts

The developments will have a positive impact on the built environment through bringing sites back into use. They will then be managed as part of the accommodation development schemes.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The provision of the new build Learning Disability accommodation is estimated to provide revenue savings of circa £224k per annum to Adult Social Care and Health budgets through efficiencies of scale and reducing staffing costs.

Financial Consequences – Capital

An estimated capital receipt of £380k will be forgone through the disposal of 3 sites at less than best value. In addition a capital receipt will be forgone for a fourth site in Wythenshawe which has yet to be identified. Capital investment of up to £3.05m is required to make the accommodation development programme viable. Potentially this can be partially off set by the use of Section 106 monies which have been received from planning contributions in the form of commuted sums, and which are to be spent on affordable housing, (£69k) plus the capital receipts from the sale of 9 vacated shared supported houses which are no longer fit for purpose (estimated value £900k).

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Background documents (available for public inspection):

MCC All Age Disability Strategy Report to Communities and Equalities Scrutiny Committee – 22 June 2016. Strategy due for launch August 2016

Living Longer, Living Better: Housing For an age friendly Manchester
http://www.manchester.gov.uk/downloads/download/6143/housing_for_an_age-friendly_manchester

1 Introduction

- 1.1 Providing accommodation services that support and enable greater independence is key to the Council's overarching *All Age Disability Strategy* and embedded within the *Living Longer, Living Better Strategy*. The number of learning disabled adults in Manchester has increased steadily over the past 15 years and all indicators show that this upward trend will continue, placing an increased demand on already stretched provision. In Manchester, the majority of learning disabled adults who need 24-hour staffed support live predominantly in 3 or 4 bed shared houses which are increasingly inaccessible and no longer fit for purpose as the customer base ages. They are also not suited to the needs of many young people transitioning with autism to adulthood. Manchester City Council now has an opportunity to develop, in partnership with our local Registered Provider partners, new self contained, grouped accommodation that better meets the needs of existing learning disabled adults and young people in transition within the city.
- 1.2 The increase in the numbers of learning disabled adults requiring supportive services and accommodation is largely attributable to significant medical developments and positive improvements in health care which have resulted in improved life expectancy. In addition, there has been a rise in the number of children diagnosed on the autistic spectrum due to improvements in diagnostic services. Consequently, the supported accommodation portfolio needs to expand and be modernised to meet the growing and changing statutory accommodation and care requirements for learning disabled adults and this links to the aspirations of the Locality Plan for care closer to home.
- 1.3 A review of current accommodation and an assessment of the needs of the existing and transitioning cohorts has informed a plan to transform the associated estate, alongside support services. Strategic Housing with the Supported Accommodation Service and Commissioning Service have entered into a partnership approach with Registered Provider (RP) partners, who have an opportunity to bid for Homes and Communities Care and Support funding to develop Supported Housing. A range of options have been considered and a proposal for a programmed development and provision of new fit for purpose, self contained supported accommodation for Learning Disability clients has been developed. The delivery of this option requires investment by Registered Provider partners and the City Council as commissioner.

2. Background

- 2.1 Challenges around the quality, adaptability, suitability and management of properties within the estate portfolio of the Supported Accommodation service have been identified. The MCC in-house providers' accommodation portfolio consists of 182 bed spaces; many of the properties are not fit for purpose. As the majority are standard family homes, the cost of adapting these premises is not viable due to size and layout; the installation of lifts would be expensive and reduce units within a home, thereby making staffing ratios and therefore staffing costs higher. For people with complex needs, such as autism, who have intensive staffing and support requirements, this model by its very nature

- is expensive with average annual costs that range between £85,000 and £150,000 per person. In addition, shared accommodation for 3 residents can prove uneconomic in tenancy management terms, as it is often difficult to introduce new occupants to established shared homes, which increases costly voids levels.
- 2.2 Where there has been an assessment of need identified support costs for Learning Disability clients will be met as part of the Councils statutory duties. Currently, the requirement for and cost of 24 hour staffing across Learning Disability stock is high due to the dispersal of small unit properties; grouped larger facilities would require less staff coverage, particularly at night. Smaller scale shared properties affect the behaviour of many severely autistic people who find extreme difficulty with social interaction and communication, as they struggle to share space with others and this causes problems for both the person and others with whom they share a home. As a result, increased staffing resources are required at disproportionate costs.
 - 2.3 Alternative accommodation options have been sought, in 2014/15 the development of the Marillac model for learning disabled adults delivered a revenue saving of c£300k for the Adults Services in-house Supported Accommodation Service. A cohort of customers have successfully moved to Marillac House (an accessible block of 13 self-contained flats which had become surplus to requirements for a different client group), however there are no further surplus opportunities such as this and alternatives need to be identified for the rest of the in-house provider estate.
 - 2.4 Maintaining the status quo would make existing accommodation increasingly unfit for purpose as residents aged and Manchester's capacity to house adults with learning disabilities would reduce. Implementing only a partial solution, by developing either new transitional housing or some re-provision, would require MCC to have to continue to use expensive out of area placements and reduce efficiencies of scale which would have been achieved across 70 new build units. Without change to the model, the revenue savings required within Adult Social Care will not be met and future budget pressures for the transitioning cohort will be significantly higher.
 - 2.5 Private Sector Development with specialist private sector partners has been explored as an alternative option, however this approach presents a significant risk. This model requires Registered Provider boards to agree to enter into a 60 year lease and most are currently not prepared to do so due to increased financial risk. In addition, rents using this model would be around £240 per week; this could currently be covered by exempt housing benefit under certain circumstances, however, given current government welfare reforms, the future position is very uncertain.
 - 2.6 Following discussions with the City, our local Registered Provider partners, experienced in the development and provision of supported housing, wish to act as a consortium to bid for HCA development funding to deliver units across 4 sites, creating economies of scale ie one architect instead of four etc. They have already invested considerable time and money at risk, in carrying out

draft designs and feasibility work on a range of sites. The conclusion of this work and the estimated values, likely grant available and rental income has led to a position whereby to be financially feasible MCC will need to consider contributing the sites at less than best value together with a capital subsidy to cover the estimated shortfall in funding. The HCA has published the Care & Support Specialised Housing Fund prospectus, with £400m available across the programme for the development of supported housing, the partner RPs intend to bid for maximum funding for Learning Disability units, but it is a competitive process and they need to be mindful of the level of grant they can reasonably bid for. It is this option which Executive are recommended to consider.

3. The proposed delivery model

- 3.1 The procurement approach with trusted RP partners, Great Places Housing Group, Mosscafe Housing and Wythenshawe Community Housing Group, offers an opportunity to develop additional, fit for purpose accommodation to meet increasing demand for Learning Disability accommodation and achieve efficiencies in relation to staffing and support costs.
- 3.2 The partnership option can deliver the following key objectives:
- The development of self contained accommodation, rather than shared accommodation, to promote independence and meet specific needs within the transitional cohort to minimise stress and challenging behaviour.
 - The grouping of self contained accommodation to provide 2 schemes of 20 units each for the existing Learning Disability cohort in the North and South of the city, plus 2 schemes for the transitioning Learning Disability client group: a 20 unit scheme in Central and a smaller 10 unit higher dependency scheme in the North.
 - Identified and evidenced efficiencies in the delivery of care packages via assistive technology and the grouping of units and cohorts within specific sites to produce economies of scale in relation to shared staffing arrangements
- 3.3 Based upon MCC disposing of the 4 sites at less than the best consideration that can reasonably be obtained for the development of the units, total capital scheme costs are calculated at £8.6million. It is proposed that this be funded via:
- a £2.05m mortgage undertaken by the Registered Provider partners.
 - £3.5m Homes and Communities Agency (HCA) funding, for which a bid needs to be made by Registered Providers by 2nd September. The scheduled costs assume £50k per unit allocation from the HCA.
 - MCC capital expenditure of up to £3.05m
- 3.4 The £3.05m capital requirement is the maximum requirement and is expected to be reduced by:
- Section 106 monies of £69k for Affordable Housing Contributions which have been received via Commuted Sums and not yet committed.
 - Ring fencing the capital receipts of the vacated supported shared houses freed up as a result of the programme. Current valuation is circa £900k

- 3.5 The Registered Providers will carry the risks for the delivery programme of works. MCC will not be responsible for the procurement, build or property management.
The key risks to the Registered Providers are that:
- Demand is lower than expected – not due to need but location.
 - Sites are not available within required timescales.
 - Government Welfare Reform changes impact on rental income.
- 3.6 The RP partners need to submit full bids to the HCA by 2nd September, and schemes with identified sites and a strong evidenced strategic case supported by the Local Authority are more likely to be successful. The anticipated start on site date is Spring 2017, with completion due by April 2018. HCA funding requirements mean that this timescale must be adhered to in order to secure grant funding.
- 3.7 Given the scheme costs, and given the economic, social or environmental well being that the proposed scheme will bring to the MCC area, it is a dependency that MCC contributes the land value into the programme. To date 3 of the 4 MCC owned sites required have been identified, these are as follows:
- Dalbeattie Street, Harpurhey (for 10 units, high dependency transitioning cohort)
 - Northfields, Moston (for 20 units, existing cohort)
 - Constable Street, Gorton North. (for 20 units, transitioning cohort)
- A 4th site in Wythenshawe is still to be identified. (for 20 units, existing cohort)

Ward members have been consulted on the locations where known.

It is proposed that:

- Great Places Housing Group own and fund the Northfields site of 20 units
- Wythenshawe Community Homes Group own and fund the Wythenshawe scheme of 20 units
- Mossclare Housing own and fund the Constable St and Dalbeattie St schemes of 20 and 10 units respectively

The 3 identified sites, have been valued by the Council's valuers as follows:

Constable Street, Gorton:	£175,000
Dalbeattie Street, Harpurhey:	£70,000
Northfields Road, Moston:	£135,000
Total	£380,000

As the site in Wythenshawe has not yet been confirmed, a value cannot yet be provided.

Volume procurement across the four sites will allow works costs to be reduced by 2.5%.

Constable Street and Dalbeattie Street are cleared vacant sites. Northfields in Moston currently has a vacant building on the land which will be demolished as part of the redevelopment proposals. See site plans and current designs are

shown at **Appendix 1**.

3.9 Due to the nature of the client group, the cost of building these supported housing schemes is higher than general needs accommodation. It will be a requirement to have robust fixtures and fittings, for example solid internal doors, solid partition walls, covered radiators and integrated assistive technology throughout the schemes. Scheduled costs are detailed at **Appendix 2**. These are comparative with other known schemes elsewhere in the region, both public and private. To meet the development brief and needs of the clients, each apartment's front entrance will be accessed from a secure internal communal space and provision has been made to accommodate flexible communal space into all 4 schemes, enabling a range of activities to be enjoyed by residents and for support staff to deliver services efficiently and effectively.

3.10 Revenue costs for the management and maintenance of the properties will be funded via the rent and service charges, calculated at £123 per unit per week. This is in line with other supported housing schemes. Rents sit outside the Local Housing Allowance rates and would be funded as 'specified rent'.

4. Efficiencies/savings

4.1 Although not yet budgeted for, there will be a known budget pressure in relation to the transition of young people with autism into adulthood. The proposed scheme could deliver greater benefits of up to £700k per annum (identified through a cost benefit analysis) through savings across all public services and avoiding future costs by meeting the needs of a growing population in a more cost effective way. The support provider for any future accommodation will be procured at an appropriate time.

4.2 With regard to the in-house Disability Supported Accommodation Service for the existing residents, a cost benefit analysis exercise calculates an economy of scale saving to the service, realised through a staffing budget reduction which will result from the new grouped delivery model. This analysis is based on the approach taken with previous developments such as the Marillac House development which has delivered both improved outcomes for individuals supported as well as a budget saving for MCC. The preferred option for the Moston scheme delivers a saving in the region of £107K a year and the South development in the region of £117K a year.

4.3 Without these planned efficiencies of scale, staff costs will remain high and continue to place great pressure on the social care budget. This is against a background of significantly reducing social care budgets from central government with which to fulfil our statutory obligations to provide care and support to meet assessed need.

5. Conclusion

5.1 We now have in place a tried and tested strategic approach to decommissioning and commissioning new premises which holds at its very

- heart the best interests of people. A One Team approach has been taken to effectively review residential support in conjunction with LD Care Management teams to ensure the support required for residents with critical and substantial needs are met by individual budgets to avoid costly 'uplift' to packages.
- 5.2 The in-house Supported Accommodation Service has achieved considerable savings previously through a phased rationalization and decommissioning strategy for older, unsuitable and poorer quality Network properties. Previous new housing development models, such as the highly successful Marillac House scheme in Victoria Park provide us with a strong evidence base for the achievement of reduced service delivery costs whilst providing an improved housing offer for residents.
- 5.3 It is a high priority for the in-house service to address voids in existing Network properties whilst improving individual outcomes and housing choices for all through divesting the estate of older properties which struggle to meet needs of people and their changing requirements over the passage of time. The provision of purpose built quality developments and schemes will support this cohort with dignity and enable greater independence for citizens through improved support mechanisms and the adaptability of designs to suit individual requirements as needs change. The use of innovative Assistive Technology built into the fabric of schemes will better support residents within their homes to achieve increased levels of independence and reduce incidences of unnecessary and costly staff interventions. The introduction of Assistive Technology in itself is proven to deliver considerable efficiency savings for the authority.
- 5.4 This grouped self-contained accommodation model for learning disabled people presents the opportunity to review working practices to realign staffing resources to focus more efficiently and appropriately to support and enrich lives. This best practice approach, and savings achievements to date, provide us with a strong body of evidence which underpins the proposed approach to redefining the Housing models for the Supported Accommodation Service.
- 5.5 Demographic data evidences a growth in the learning disabled population. If this additional capacity is not developed then MCC will need to place greater numbers of customers in out of area 24-hour placements, in order to meet statutory requirements. Out of area placements charge a premium and placing out of authority is against good practice, the Locality Plan and the Department of Health Transforming Care guidelines.
- 5.6 Whilst there are capital costs of developing Learning Disability accommodation the current HCA Care and Support funding available to Registered Provider partners offers a positive opportunity to deliver this "invest to save" scheme. In addition entering into a collaborative partnership with Registered Provider partners presents an opportunity for the City and in-house service to redefine contractual arrangements with landlords reducing liability costs for 'voids' and ending historical agreements that are no longer cost effective for MCC. The care and support cost savings and life enhancing benefits offered by the development of this new build, self contained

accommodation with trusted Registered providers, offers MCC with its statutory duty to Learning Disability clients, an opportunity to transform the learning disability accommodation estate.

Appendix 1

Constable Street site plan



PLAN FOR IDENTIFICATION PURPOSES ONLY	Strategic Development Growth and Neighbourhoods Directorate P.O. Box 532 Manchester M60 2LA	MANCHESTER CITY COUNCIL
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Northfields site plan



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Dalbeattie Street site plan

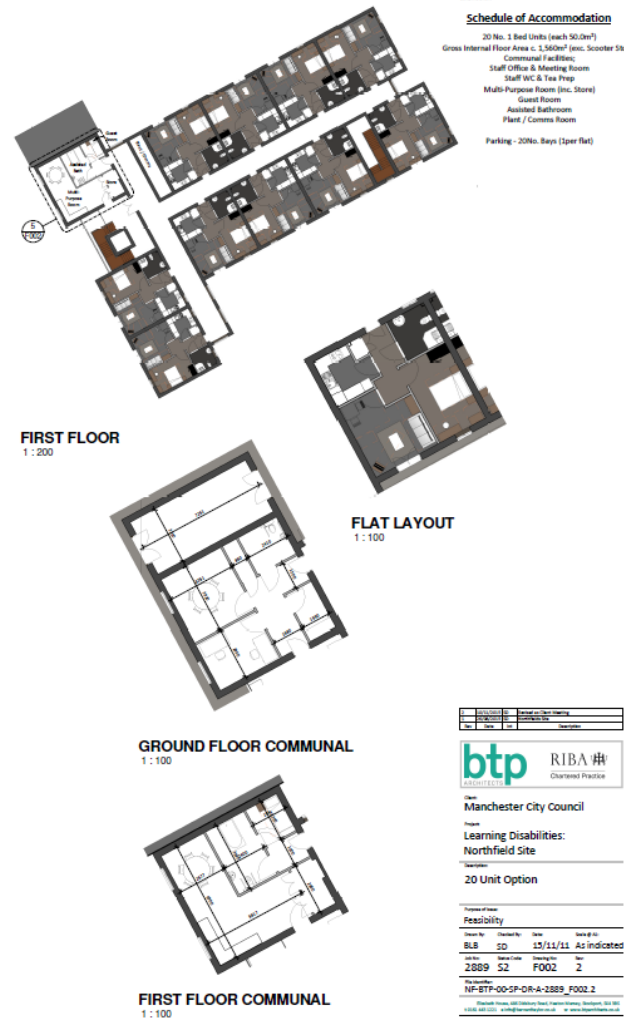


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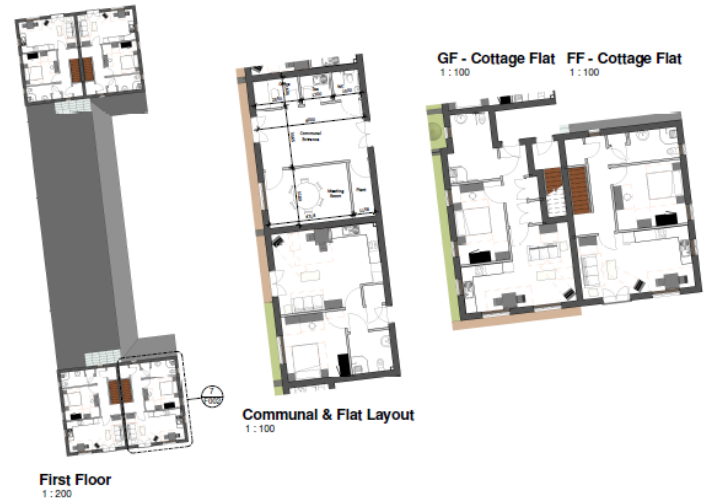
Constable Street proposed layout



Northfields proposed layout



Dalbeattie St proposed layout



Schedule of Accommodation

30 no. 1B3P Apartments - 50m²

Total: 30 units

Communal Facilities

- Staff Office
- Staff Tea Point
- Meeting Room
- Staff Ck. WC
- Plant Room

Parking 30 no. bays (inc. 2 no. disabled bays)

Gross Internal Area c.707m² (over 2 storeys)

Net Rentable Area c.500m² (excluding communal)

Total Rentable Area: 70.7%

Proposed Development Site Area = c.1,495m² (0.138ha)

Overall Site Area = c.2,430m² (0.19ha), includes allocation for retained Electrical sub-station.

Accommodation subject to development of project level, site survey (including substructural) and determination of all site constraints etc.

REVISED	BY	DATE	DESCRIPTION OF REVISION
1	BT	18/08/15	Final Feasibility Study
2	BT	22/08/15	Final Feasibility Study
3	BT	22/08/15	Final Feasibility Study

btp RIBA #1
ARCHITECTS Chartered Practice

Manchester City Council
for
Learning Disabilities -
Dalbeattie Street, Harpurhey

Version:
**FEASIBILITY LAYOUT -
(10 Unit Option)**

Project Name:
Feasibility

Issue No.	Checked By	Date	Issue Description
PC	VS	18/08/15	As indicated
2913	SZ	FO02	2

Project Number:
DS-BTP-00-SP-DR-A-2913_F002.2

Client Name: Manchester City Council
Client Address: 100 Piccadilly, Manchester, M1 2AF
1145 666 000 1145 666 000 1145 666 000 1145 666 000
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Appendix 2 Scheme costs

Scheme location	Moston	Wythenshawe	Gorton North	Harpurhey	Totals
Number of units	20	20	20	10	70
Building area (sqm)	1,558	1,603	1,245	707	
Floor area flats	1,000	1,000	1,070	500	
Floor area circulation + communal	588	603	175	207	
Parking	20	20	20	10	70
QS estimate Works figure – 2.5% (ex. builders on-costs)	£2,191,665	£2,200,629	£1,799,256	£1,006,519	£7,198,069
On costs estimate	£416,417	£418,120	£341,859	£191,239	£1,367,635
Total scheme costs inc development interest	£2,611,407	£2,621,959	£2,146,655	£1,200,064	
Cost per flat	£130,570	£131,097	£107,332	£120,006	
Rent based on target rents p.w.	£85	£85	£85	£85	
Service charge p.w.	£30.36	£33.12	£25.55	£38.70	
HCA grant assumed per flat	£50,000	£50,000	£50,000	£50,000	
Capital gap per unit	£55,000	£46,000	£29,000	£43,000	
Capital gap per scheme	£1,100,000	£920,000	£580,000	£430,000	£3,050,000
Mortgage	£511,407	£701,959	£566,655	£270,064	£2,050,085