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To: Cabinet - 13 December 2004

Subject: BETTER HOMES: ACTIVE LIVES – KENT HOUSING PFI

Classification: Unrestricted

Summary: This report updates Cabinet on the Kent Housing PFI project that KCC is leading in partnership with 11 District Councils. It requests that Cabinet approve the Outline Business Case and agrees to progress to the next project stage.

FOR DECISION

Introduction

1. (1) In May 2004 Kent County Council and 11 District Council Partners received initial approval for £63 million PFI credits from the Office of the Deputy Prime Minister for the Better Homes – Active Lives project – Kent’s Additional Social Housing PFI.

(2) The project is to develop 342 units of additional social housing across Kent including 280 Extra Care apartments for Older People, 54 supported apartments for people with learning disabilities, and 6 flats for people with mental health problems. The PFI credits cover the cost of the capital element of the project.

(3) Appendix 1 shows how the accommodation will be distributed across the county.

Strategic Background to the project

2. (1) The Vision for Kent our 20 year Community Strategy, produced by the Kent Partnership contains a key theme of promoting preventative social care, to enable people to take greater control of their lives and to live safely and independently in their own communities. In our 10 year Active Care Active Lives vision we state that people are to be helped to help themselves and vulnerable people will have the support to live independently in their local communities with improved housing and infrastructure. These strategies are reflected in The KCC Next Four Years target to “*ensure an additional 1,000 well developed units of sheltered housing are provided across Kent.*”

(2) The Better Homes – Active Lives project by providing extra care and supported housing for vulnerable people will help deliver our strategic vision and targets.

Extra Care Housing for Older People – 280 new apartments

3. (1) The Better Homes Active Lives Project will develop Extra Care Housing in Ashford, Dover, Maidstone, Shepway, Tunbridge Wells, Thanet, Dartford and Sevenoaks.

Need for Extra Care in Kent

4. (1) Policy based projections show that Kent has an ageing population¹. (See Appendix 2) Research shows that older people have rising aspirations and want to exercise greater choice in housing.²

(2) At present many older people are supported at home through domiciliary care, home adaptations and housing related support. Sometimes there comes a point where this is no longer possible as homes are unsuited to further adaptation, or because it is difficult to provide the levels of domiciliary care that an individual needs. Consequently, people move into a residential care because they or their relatives no longer feel they are safe at home.³ Social Services Care Managers have stated that of the 1290 people placed in residential care last year 25% (324 people) would have been more appropriately accommodated in extra care housing if it was available.⁴

(3) As the table in Appendix 3 demonstrates there is a lack of Extra Care Housing in Kent. In most Districts there is little Extra Care Housing. Of the ordinary sheltered units that do exist some, built in the 1960's are inappropriate either because they include a high number of bedsits or lack disability access.

(4) The additional choice of Extra Care Housing will provide specially designed homes and support enabling people to remain in local communities and is a good alternative to institutional care.

Better Homes – Active Lives: New Provision

5. (1) The Active Care – Active Lives project will provide 280 new apartments of Extra Care Housing across Kent. The apartments will be designed and operated to cope with a range of dependencies including people with dementia. The schemes will include communal facilities such as a catering kitchen and meals service, gym and café with Internet facilities. The schemes will also contain space for a 24 hour dedicated care team will be equipped with assistive technology.

(2) The project fits alongside new initiatives such as the Assistive Technology pilot and innovations forum to provide preventative forms of care and increase the independence of older people.

Housing for People with Learning Disabilities

6. (1) The Better Homes – Active Lives project will also deliver housing for people with learning disabilities in Ashford, Dover, Dartford, Canterbury, Maidstone, Swale Shepway, Tunbridge Wells and Thanet.

Need for Supported Housing for people with Learning Disabilities

7. (1) Based on the Department of Health's Valuing People calculations, there are currently 34,000 people in Kent with learning disability, 25,000 of whom are adults:⁵

¹ the retirement age population (65+) in KCC area is forecast to increase by 11.6% over the period to 2011 and by a third (32.5%) by 2021. The population aged 85+ will increase by 15.6% by 2011 and by a third (32.4%) by 2021. By way of comparison, the total population of the area is set to increase by 3.9% by 2021 and the population of working age (16 – 64) is forecast to increase by less than 5% by 2021 (where is this from)

² The Audit Commission Report: Older People A Changing Approach.

³ Matching Needs and Services –Older People in Dartford, report April 2002.

⁴ i.e it is estimated that out of the 1290 people placed in KCC funded residential care last year (010101 – 01/01/02) 324 people could have been more appropriately accommodated in extra care sheltered housing if this type of accommodation was available.

⁵ L.D Strategy p.3

Kent's Learning Disability Partnership Board (representing Social Services, District Housing representatives, voluntary sector, carers' organisations, Health and users of services) recently commissioned a Kent-wide Learning Disability Housing Strategy.

(2) The Strategy highlights the fact that there is a lack of appropriate housing for people with learning disabilities in Kent. Individuals aspirations are growing, and more people would like to live independently rather than with parents or in institutional care.⁶

(3) Most often the needs of people with learning disabilities are met through residential care, or the option of living with their families (including older carers). The independence of many people with learning disabilities is severely restricted, with limited social networks and too few opportunities for vocational training and employment.

Better Homes –Active Lives: New Supported Accommodation for People with Learning Disabilities

8. (1) Better Homes – Active Lives will provide clusters of six single apartments for people with learning disabilities in 9 districts in Kent. Also included is one flat for support staff and group activities. The accommodation will enable individuals to choose to move on from residential provision or their parents home.

Housing for People with Mental Health Problems in Thanet

9. (1) There is currently no appropriate accommodation for people with mental health problems in Thanet.

(2) The Mental Health Move-on Accommodation Strategy made up of Kent partners identifies the need for extra care accommodation to address delayed discharge from hospital.

(3) New provision for people with mental health problems will be provided through the Better Homes: Active Lives project in the form of 6 one bed flats with a 7th flat for staff/community facilities.

Process

10. (1) The PFI process is a complex procurement to secure a private sector provider to develop the project, an estimated timetable for developing the project through this process is included in Appendix 4. The Outline Business Case subject to the approval of all partners and Government will enable the project to move to the procurement stage to identify a private sector partner to design, build and operate the housing services.

Financing

11. (1) A full strategic and financial options appraisal and affordability analysis for the project is included in the Outline Business Case.

(2) An increase in the number of double bedded units has led to an increase in the PFI credits requested to support the project from the original £63m to a revised figure of £71.76m.

⁶ In a local survey of people with learning disabilities – 25% of those who participated said that they would like to move on from their current accommodation.⁶
Kent Housing PFI (cabinet 131204)

(3) The current shadow pricing model indicates that there will be no affordability gap to be met by the County Council or the Districts over and above the usual funding streams for sheltered housing, i.e. housing benefit, rent and Supporting People Grant. The level of Supporting People Grant that has been assumed in the model is £982k per annum, although the uncertainties over funding levels and the future of the programme need to be noted. This is based on £21 per extra care unit and £210 per learning disability unit.

(4) A figure of £2.5m has been included for approval in the Social Services' medium term capital plan for the purchase of three sites, in Ashford, Maidstone and Tunbridge Wells. It is proposed that the £2.5m will be repaid from the PFI credits received, once the project is operational.

(5) The Development costs for the procurement of the project will be shared between the project partners proportionately. Appendix 5 shows the proposed division of development costs negotiated between the partners.

Recommendations

12. (1) Cabinet is asked to APPROVE:
- (a) the Outline Business Case for the project
 - (b) the recommendation to progress the project to the procurement stage.

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Background documents:

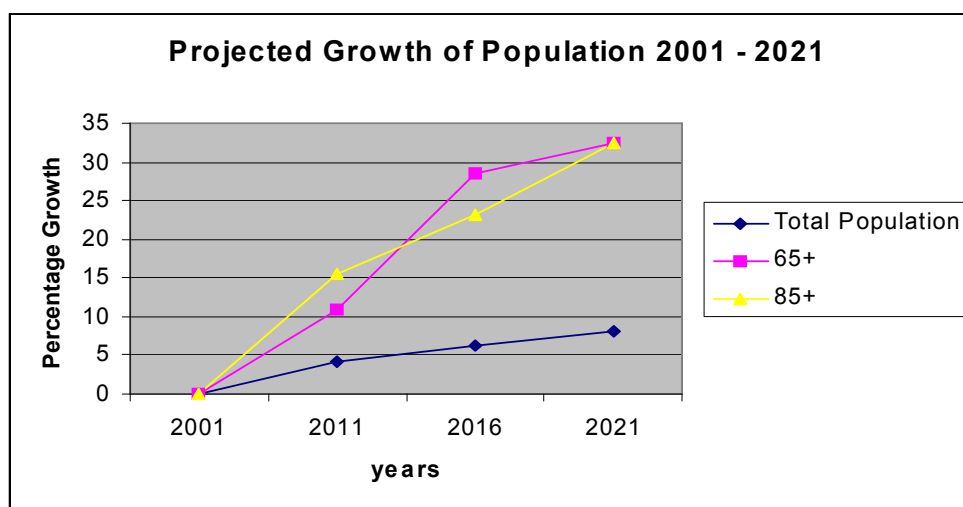
- Cabinet Report 12 May 2003: Sheltered Housing Strategy

Distribution of proposed provision across the County:

Units	Location
Extra care housing unit for Older People	
503 40 units (+10 units of mixed tenure funded outside PFI)	Shepway
504 40 units (+ 10 units of mixed tenure funded outside PFI)	Thanet
505 40 units (+ 10 units of mixed tenure funded outside PFI)	Ashford
• 40 units (+ 10 units of mixed tenure funded outside PFI)	Maidstone
• 40 units (+ 10 units of mixed tenure funded outside PFI)	Dover
• 40 units (+ 10 units of mixed tenure funded outside PFI)	Tunbridge Wells
• 20 units (+ 10 units of mixed tenure funded outside PFI*)	Dartford
• 20 units (+ 10 units of mixed tenure funded outside PFI*)	Sevenoaks
Total: 280 new units PFI funded (+ 80 units mixed tenure funded outside PFI) *Combined 40 unit scheme Dartford and Sevenoaks.	
Supported living for people with Learning Disabilities	
506 8 unit cluster	Dartford
507 6 unit cluster	Dover
508 6 unit cluster	Tonbridge & Malling
509 12 unit cluster (including 6 distinct for mental health users)	Thanet
510 6 unit cluster	Canterbury
511 6 unit cluster	Swale
512 6 unit cluster	Maidstone
513 6 unit cluster	Shepway
514 6 unit cluster	Ashford
Total: 62 new units PFI funded	

Demographic Change in Kent

- 503 Kent has an ageing population that is increasing more rapidly than the national average.
- 504 Policy based projections show that the retirement age population (65+) in KCC area is forecast to increase by 11.6% over the period to 2011 and by a third (32.5%) by 2021. The population aged 85+ will increase by 15.6% by 2011 and by a third (32.4%) by 2021. By way of comparison, the total population of the area is set to increase by 3.9% by 2021. The population of working age (16 – 64) is forecast to increase by less than 5% by 2021 meaning that there will be less people to provide the natural family support to the growing older population.



- 505 Kent is also facing a rise in the numbers of people in other vulnerable groups. Based on the Department of Health's Valuing People calculations, there are currently approximately 34,000 people in Kent with learning disability, 25,000 of whom are adults. According to Valuing People, evidence also suggests that the number of people with severe learning disabilities may increase by around 1% per annum for the next 15 years.
- 506 These demographic changes will put increased pressure on existing health, social care and housing provision. The County therefore has developed preventative strategies for care that promote independence amongst people in these groups. Central to this is the need for the provision of specialist supported housing for older people and people with learning disabilities.

Extra Care Housing in Kent

District	Current Population (2001 census)		No. Extra Care Units	No. Sheltered Units
	65+	85+		
Dover	19,649	2513	9	895
Shepway	19,308	2,765	0	1370
Dartford	12,410	1,399	0	478
Ashford	16,618	1,971	8	543
Maidstone	21,540	2,652	0	1,845
Tunbridge Wells	16,901	2,426	85	1421
Sevenoaks	18,801	2,359	100	1139
Thanet	27,568	3,864	29	652

Project Timetable

Key Milestones	Finish
Submission of draft OBC to ODPM	Oct 2004
Submission of completed OBC to PRG	Dec 2004
Decision to proceed from PRG	March 2005
Submit OJEC notice	April 2005
Issue Information Memorandum & pre-qualifying documents	May 2005
Deadline for receipt of interest & pre-qualifying documents	June 2005
Approval of shortlist and ITN by Members & Boards	Aug 2005
Issue of ITN	Sept 2005
Deadline for receipt of ITN	Dec 2005
Issuing of BAFO (if needed)	Jan 2006
Selection of preferred partner	April 2006
Negotiation & clarification	April 2006 – Dec 2006
Financial and contractual close	Jan 2007

503 Project Timetables are subject to change due to a number of factors. The Project Timetable outlined above is one that KCC and our District Council Partners, having had experience of PFI, feel is realistic.

Proposed Split of Development Costs

Allocation of Costs	Number of units	Outline Business Case	Procurement Phase
Kent County Council	-	24,975	125,025
Shepway	46	2,270	64,222
Thanet	52	2,270	72,599
Ashford	46	2,270	64,222
Maidstone	46	2,270	64,222
Dover	46	2,270	64,222
Tunbridge Wells	40	2,270	55,845
Dartford	28	2,270	39,092
Sevenoaks	20	2,270	27,923
Tonbridge and Malling	6	2,270	8,377
Canterbury	6	2,270	8,377
Swale	6	2,270	8,377
Total	342	49,950	602,500