

**APPROVE A PREFERRED OPTION FOR THE DEVELOPMENT OF A NEW  
CARE FACILITY IN HEREFORDSHIRE FOR MEETING FUTURE DEMAND  
AND SERVICE DELIVERY**

**OPTIONS APPRAISAL**

**Date:** September 2021

**Key Details**

**Senior Responsible Officer:** Paul Smith

**Project Manager:** Michael Griffin

**Service Lead:** Ewen Archibald

**Version Control**

Version	Date	Summary of Change	
0.1	August 2021	First Issue	
0.2	September 2021	Second Issue	

## **1. Overview**

### **Introduction**

- 1.1 This options appraisal will examine different approaches to meeting future demand among a growing population of older people with complex needs. The document reviews the demographic and strategic context for needing 80 additional care home beds under the direction of the council. It then provides comparative analysis of the options for achieving that provision.
- 1.2 In common with many councils, Herefordshire has outsourced and commissioned almost all of its once directly delivered residential homes. In Herefordshire's case, it divested the last of its homes almost 20 year ago, through the contract with Shaw Healthcare. That decision was against a background of a growing independent care home market and limited access to capital resources. In recognition of a changing and sometimes challenging care home market many councils are considering developing their own care facilities again and bringing services in-house, to address gaps in capacity and quality.
- 1.3 In response to the Covid pandemic and the closure of a privately run care home due to flood damage the Council developed and launched the Hillside Care Centre in 2020. It is now contemplating a need to exercise more control of quality and availability of nursing care for older people with higher levels of frailty and dementia related need. Currently the Council is reliant on spot purchasing care at significant cost (average £'s) from multiple homes run as commercial businesses and with varying levels of quality and reliability. As the numbers of people aged 85 and older and those with complex needs grow, so do the challenges in finding the right care at an appropriate quality and price.

### **Aim**

- 1.4 It is intended that the options appraisal will enable the Council to adopt a preferred approach to delivering 80 new care home beds to provide high quality local care to meet gaps in future need. It is then proposed that the preferred approach would be developed more fully, so that it could then be implemented.

### **Objectives:**

- Increased bed capacity in the market, including provision to meet complex needs
- The Council controls access to the care home beds
- Sustained provision of high quality care
- Reduction in out of county placements
- Forecastable and manageable unit costs and improved value for money for placements
- A reasonable return on capital investment over an appropriate timeframe
- Established as an exemplar for the use of innovative technology
- Environmentally friendly to Herefordshire's Future Homes Standard
- Make good use of proven and available models of design and delivery
- Residents are connected to local communities routinely through the new facilities

## **Process**

1.5 The options under consideration are:

1. Do nothing;
2. Enter into long-term block contractual arrangement with existing providers in the local market;
3. Purchase buildings on the open market, redevelop and refit, to operate directly;
4. Invest and develop the council's own, large scale care home facility;
5. Work with an investment and/or delivery partner to develop a new large-scale care home facility.

1.6 This options appraisal sets out the:

- Background for the need to consider alternative models of delivery
- Strategic direction and priorities
- Context
- Patterns of demography and demand
- Elements of good practice in the field

At the conclusion of the options appraisal, Cabinet is asked to consider a recommendation for the preferred option. If a preferred option were selected, this would then be explored in greater detail, with next steps: including;

1. A full business case
2. Potential site review
3. Implementation plan and timeline for delivery

## **2. Background and Rationale**

2.1 The Care Act 2014 requires local authorities to help develop a market, which delivers a wide range of sustainable high-quality care and support services that will be available to their communities. The Care Act also requires that local authorities assess need and ensure services arranged can meet those needs. Capacity to meet demand for complex care in Herefordshire is already limited. The Council often has difficulty in both finding placements for people with high needs and controlling the cost of these placements.

2.2 Changes in the age structure alone suggests that the proportion of nursing home placements will need to increase slightly in future and will overtake the total number of residential placements. Over the last 5 years, there is some evidence of a downward trend in council funded long-term placements. However, there has been a significant increase in short /fixed term and Discharge to Assess (D2A) placements.

2.3 The proposal is for the Council to develop additional and affordable nursing home capacity of around 80 beds. The vision is for a site or sites to offer a high-quality care environment, maximising the use of advances in technology to support the needs of residents. The council's commissioning intentions include increasing and improving services that support complex and challenging behaviours, including dementia, acquired brain injury or autism.

### 3. Demography and demand

#### 3.1 Herefordshire's Market Position Statement 2020-2025

[https://councillors.herefordshire.gov.uk/documents/s50084582/07a\\_Appendix\\_Herefordshire%20Market%20Position%20Statement%202020-2025.pdf](https://councillors.herefordshire.gov.uk/documents/s50084582/07a_Appendix_Herefordshire%20Market%20Position%20Statement%202020-2025.pdf) sets out clear direction for providers on the council's ambitions for the support and care market. The document summarises the supply and demand of care and support needs across Herefordshire. It signals potential business opportunities within the care and support market.

#### 3.2 The total need for care home placements for people over 65 years is projected to increase from around 1,550 in 2018 to around 2,000 people in 2028 (an increase of 450 over this 10 year period); and to around 2,650 people by 2,038 (an increase of 1,150 over this 20 year period).

#### 3.3 Current market context:

- By 2039, it is estimated that the number of local people aged 85 and older will grow by 140%. This suggests that the wider care system, particularly for older people is nearing a 'tipping point' and that demographic changes will take Herefordshire well beyond it.
- Currently there are 85 care homes in Herefordshire registered with the CQC; of these 21 are Medium/Major regional providers. The majority are small to medium locally run care homes with independent providers. The council currently supports 850 older people to meet their assessed eligible social care needs in a care home: 60% are in a residential home and 40% in a nursing home.
- Getting people into a care home at a reasonable cost can be extremely difficult and takes much professional time to negotiate placements. This can result in delays from hospital; residents being placed out of county and inevitable fee disputes with care homes.
- High numbers of self-funding puts additional pressure on social care purchasing. Self-funders paying much higher rates, so driving up prices for everyone. The council has started to insource some services where the market cannot respond to need delivering cost effective, good quality solutions.
- The Health and Care Bill 2021-22 endorses the need to deliver joined up care for its local population. Clinicians, carers and public health experts will be empowered to operate collaboratively across health and care system through the introduction of the Integrated Care System (ICS).
- The care home sector for adults in Herefordshire has been reasonably stable for some time with very few home closures in recent years. However, with fluctuating demand, smaller homes in particular may reconsider their business role, marketing and pricing. The Council has very recently managed a care home provider failure which has reduced our capacity by a further 33 beds.
- The CQC rates 15.5% of Herefordshire residential and nursing homes as 'requires improvement' or 'inadequate'. This is in comparison to a West Midlands figure of 20% and a national figure of 18%. 70% of nursing and residential homes in Herefordshire are good and 6% are outstanding.

## Key Projections in demographic change affecting care home provision

- Predicted 140% increase of those aged 85 and above over the next 20 years
- Proportion of people living with dementia is predicted to increase from 77 to 79% by 2036
- Increasing number of out of county placements
- Greater restrictions on the market's capability to support individuals with complex needs
- Higher number of self-funders in the market
- Continued pressures through the health service creating risk of delayed transfers of care (DTC)

## 4. Strategic Direction

- 4.1 The Council has a duty to ensure it meets eligible needs and develop the market to enable it to be a strong and resilient providing choice and quality under the Care Act 2014.
- 4.2 Herefordshire has a high number of self-funders within the market, which can create a challenge to purchase placements or find suitable accommodation in county for reasonable rates. In practice, the rates themselves and the challenges in making placements will vary considerably over a period. Self-funders will sometimes pay a higher rate for care and therefore will have more choice; this enables providers to choose whom they accept within their homes, and at what rate.
- 4.3 Adult social care gross revenue spend for care home placements was in the region of £37.9m in 2020/21. The council operates a 'usual price' for Older Persons placements (currently £524.12 for residential care and £597.87 for nursing care home, which excludes Funded Nursing Care FNC £187.60). A proportion (50%) of placements are above this rate and sometimes people are placed out of county to meet need. Increasingly, other local authorities are at different stages in developing their own provision and taking services back in house in various ways. This recognises that the market is sometimes not meeting the needs of its most vulnerable clients and in particular, those who need adult social care funded placements. The council is clear that where the market cannot meet needs, it will consider its role within the market and has already insourced as mentioned already, some of its services where value for money can also be demonstrated.
- 4.4 The overall design principles in creating additional care home beds include relationship with the community:
- Care homes should be seen as a "part of the community" and as a "hub" of activity, rather than operating in isolation from the surrounding population.
  - Promoting resident participation in the community and enabling families and friends to be engaged in the life of the care home.
  - The catchment area of a home is a vital consideration, reflecting response to local need and dictating how far relatives and friends may have to come to visit residents.
  - Public transport links are important, for relatives, staff and visitors.
  - The Covid pandemic has highlighted that old buildings and designs are not fit for purpose with many care homes struggling to manage safely; for example, where there are shared rooms or facilities.

## 5 Good Practice

- 5.1 “Sustainability means more than merely lasting or surviving; it means designing and delivering health care that uses resources in ways that don’t prejudice future health and wellbeing”.<sup>1</sup>
- 5.2 In 2012, the first Passivhaus (PH) care home was developed by Castleoak for Barchester Healthcare, Juniper House in Brackley, Northamptonshire and funded by Bridges Sustainable Property Fund, which invests in projects that can demonstrate environmental leadership. The 60-bedded home was designed to produce half the CO2 emissions and reduce energy costs by 40%, when compared with a typical 60-bedded, timber-frame home.<sup>2</sup>
- 5.3 The Social Care Institute for Excellence (SCIE) states that, ‘communities create the right conditions for improvements in physical health, mental health and general wellbeing by being connected, sustainable and resilient to changing times and climates.’<sup>3</sup>
- 5.4 Bristol City Council introduced new strategies and policies around environmental sustainability in social care, saving £100k or 20% of spending between 2005 and 2009.<sup>4</sup> Exeter City Council developed 53 Passivhaus standard Extra Care Housing apartments at a cost of around £10m to meet local needs, including residents with dementia.<sup>5</sup>
- 5.5 Complex care provider Cornerstone Healthcare Group announced the development of a £10m, 74-bed care centre in Somerset. Cornerstone also received planning consent to build an 80-bed service in Bristol, having won complex care provider of the year in 2020.<sup>6</sup>
- 5.6 In the Midlands Speller Metcalfe were appointed to build a 90-bed extra care housing scheme in Rowley Regis for Sandwell Council at a cost of £15m<sup>7</sup>. They also built an environmentally friendly with ground source heating and solar roof tiles dementia care home for Solihull Council<sup>8</sup>.

## 6. Financial Position

- 6.1 The Council has provisionally allocated capital of £14m to the potential development and completion of a new 80 bedded care facility. This was based upon proposals to develop on a wider city centre sight owned by the council.

---

<sup>1</sup> <https://www.carehomeexpo.co.uk/news/sustainability-in-the-care-sector>

<sup>2</sup> <https://passivhaustrust.org.uk/news/detail/?nid=120>

<sup>3</sup> <https://www.scie.org.uk/publications/atagance/atagance23.asp>

<sup>4</sup> <https://www.scie.org.uk/adults/sustainable-social-care/bristol.asp>

<sup>5</sup> <https://passivhaustrust.org.uk/news/detail/?nid=621>

<sup>6</sup> <https://www.laingbuissonnews.com/care-markets-content/property-care-markets/cornerstone-healthcare-to-build-13m-green-care-home/>

<sup>7</sup> <https://www.thebusinessdesk.com/westmidlands/news/2031664-building-contractor-to-construct-15m-black-country-care-home>

<sup>8</sup> <https://solihullobserver.co.uk/news/new-dementia-care-home-opens-in-solihull/>

## 7. Options Appraisal

### 7.1 Options Overview

- **Option one**, 'do nothing'.

This would mean taking no action to increase capacity in the care home market and rely on market forces to provide the increased beds and quality of care required by demographic and social policy changes.

- **Option two**, 'Enter block contract arrangements'.

The council would negotiate multiple long-term contracts with existing providers of nursing homes in Herefordshire, totalling 80 beds.

- **Option three**, 'Acquiring properties from the open market'

This would involve the council identifying and making commercial offers to purchase sites that are possibly derelict, repossessed or need refurbishing and then once acquired, developing these sites.

- **Option four**, 'Invest and develop the council's own care facility'.

This is likely to involve identifying a single site in the council's ownership and building a new 80-bed care facility, possibly as part of a wider development. That wider development may include affordable or social housing and community facilities. Available sites on such a scale are few but one such site at Station Approach, Hereford, has already been the subject of significant preparatory work.

- **Option five** 'Work with an investment and/or delivery partner'

The council devise and implement a process to identify a partner organisation with which to invest in and develop a new large-scale care facility. The partner would provide its own capital investment, so reducing the scale of the council's contribution and it would secure that investment at least in part through the value of the new capital asset. The partner would be involved in running the development and building project. It might also be involved in delivering and managing care services in the building once it was operational.

**Table One Pros and Cons of each option**

Option	Pros Summary	Cons Summary
<p><b>Option One:</b> <b>Do Nothing</b></p>	<p>Note - This option has been included as a baseline comparator. 'Doing nothing' is not considered a viable option, as it does not address the council's priorities and challenges nor contributes to planning services to meet future need.</p>	<ul style="list-style-type: none"> <li>x The market does not always respond positively to placements and HC has to fund placements out of county due to a lack of suitable provision locally.</li> <li>x Some of the existing care home stock is no longer fit for purpose due to age or design/layout.</li> <li>x Demand is predicted to grow as the county's ageing population increases and those specifically 85 years and above increases substantially.</li> <li>x The high self-funding market puts additional pressure on social care, forcing up costs as self-funders are paying much higher rates.</li> </ul>
<p><b>Option Two:</b> Enter into long-term block contractual arrangement with the existing market</p>	<ul style="list-style-type: none"> <li>✓ No capital investment required</li> <li>✓ Potentially immediate access to beds</li> <li>✓ Support the local market rather than compete within it.</li> <li>✓ Some flexibility over bed numbers over time</li> <li>✓ Could sell block beds to private self-funders if appropriate to manage fluctuating demand.</li> </ul>	<ul style="list-style-type: none"> <li>x Adds no additional capacity into the market, which is needed</li> <li>x Reliant on the market responding and this will depend on the current demand, capacity and outlook across the market, which does not always align to the council's priorities and pressures. May not be possible to negotiate 80 beds.</li> <li>x Expensive at current rates.</li> <li>x Providers may still refuse to take the most challenging individuals so needs are still not met, and external placements continue</li> <li>x Adds no fit for purpose accommodation and facilities in the market, which is required</li> <li>x No apparent potential for innovation and flexibility</li> <li>x Significant revenue budget required to ensure capacity and constant management of contracts to limit the number of voids</li> </ul>



		<ul style="list-style-type: none"> <li>X Depending on cost and market at the time, more cost effective placements could be sourced outside the block contracts</li> <li>X Quality concerns/COVID etc could stop placements into the home beyond the council's control.</li> </ul>
<p><b>Option Three:</b></p> <p>Purchase buildings on the open market, refurbish and expand</p>	<ul style="list-style-type: none"> <li>✓ May be quicker than a large new build development, although dependent on multiple factors</li> <li>✓ Capital costs not likely to exceed those of a new build development</li> <li>✓ Makes use of existing buildings and sites</li> <li>✓ Theoretical Potential to take over going concern businesses, including TUPE transfer of staff. Potentially lower profile with media and public, but dependent on specific sites and circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>X Dependent upon the right size buildings and properties/land becoming available</li> <li>X Likely to require three separate sites to deliver 80 bed capacity, increasing capital costs and project complexity.</li> <li>X Would not necessarily add capacity to the market if properties currently or recently providing care homes.</li> <li>X Availability of buildings/sites may not correspond geographically to local demand</li> <li>X Many of the properties coming to or potentially on the market are in poor condition or have restrictions relating to planning, listed status or environmental factor and therefore would require significant capital investment to ensure they are fit for purpose.</li> <li>X Converted or extended older buildings bring significant burden of repairs and maintenance.</li> <li>X Developing sites in this way may not achieve Herefordshire's Future Homes Standard. Operating care home services across multiple sites would be more expensive in revenue costs and operationally complex, providing ongoing challenges.</li> </ul>
<p><b>Option Four:</b></p> <p>Invest and develop our own care facility</p>	<ul style="list-style-type: none"> <li>✓ Can design a bespoke, high specification new care home that is fit for purpose and flexible</li> <li>✓ Designed to meet future demand.</li> <li>✓ Meets design principles and achieve Herefordshire's Future Homes Standard</li> </ul>	<ul style="list-style-type: none"> <li>X Relies upon the right location being available owned by the council or in the public estate</li> <li>X Large scale capital investment required</li> <li>X Reputational risk arising from managing large scale capital projects</li> </ul>

	<ul style="list-style-type: none"> <li>✓ Potential to become a leading vanguard site regionally or nationally</li> <li>✓ Designed to accommodate complex and challenging individuals to meet need in county</li> <li>✓ Linked to the wider community – hub and spoke model, consistent with Talk Community</li> <li>✓ Linked to the wider community – shared community assets coffee shop, multi-purpose rooms, promoting participation.</li> <li>✓ Flexibility to model and respond to changes (Hillside used to support recent COVID challenges)</li> <li>✓ Control over placements and costs</li> <li>✓ Strong message to the wider market that the council is a provider and is modelling high quality care and accommodation.</li> <li>✓ Potential for innovation and leading by example</li> <li>✓ Training venue for the care workforce</li> <li>✓ Swift discharge from hospital supporting the wider health agenda and management of emergencies etc.</li> <li>✓ Income generation through private funders if required</li> <li>✓ Creation of up 100 new jobs</li> </ul>	<ul style="list-style-type: none"> <li>✗ Length of time to complete the build and operationalise services.</li> <li>✗ Council would have to ensure best use of asset and manage operational and demand risks</li> </ul>
<p><b>Option Five:</b></p> <p>Enter into a relationship with a Provider to invest, develop and contract for the</p>	<ul style="list-style-type: none"> <li>✓ Shared risk</li> <li>✓ Expertise of a commercial partner with the skills and experience to develop large scale schemes</li> <li>✓ Lower initial capital investment from the council (potentially)</li> </ul>	<ul style="list-style-type: none"> <li>✗ Entering into a long-term relationship with a partner/provider; tying the council in to arrangements for 30 years, whilst demand and delivery models evolve over five to eight years typically. (Shaw healthcare contracts)</li> <li>✗ Capital borrowing will cost more for a development partner than the council and that cost will be borne in</li> </ul>

<p>services and work with a partner</p>	<ul style="list-style-type: none"> <li>✓ Potential to become a leading vanguard site regionally or nationally</li> <li>✓ Designed to accommodate complex and challenging individuals to meet need in county</li> <li>✓ Linked to the wider community – hub and spoke model, consistent with Talk Community</li> <li>✓ Linked to the wider community – shared community assets coffee shop, multi-purpose rooms, promoting participation</li> <li>✓ Can design a bespoke, high specification new care home that is fit for purpose and flexible</li> <li>✓ Designed to meet future demand. Meets design principles and achieve Herefordshire’s Future Homes Standard.</li> </ul>	<p>ultimately by the council through the partnership contracts</p> <ul style="list-style-type: none"> <li>✗ Exchanging short-term capital savings for long-term financial liability (capital and/or revenue) as in the case of the Shaw Healthcare contracts.</li> <li>✗ Willing capital development partners may not be the best or most appropriate delivery partner for providing high quality nursing or residential care home.</li> <li>✗ Potential delays to project implementation through selecting and negotiating with a partner.</li> <li>✗ Reputational risk to the council through alliance with independent provider and dependent on its performance elsewhere.</li> <li>✗ Reputational risk from delays to capital development or rising costs.</li> <li>✗ The council would have only partial or conditional control over management of the new asset and future placements</li> <li>✗ Partner contract likely to involve third party commercial interests, leading to little or no potential to change the contract to reflect changes to legislation, demand or delivery models</li> </ul>
---	---	---

**Table Two: Assessing the options in relation to key criteria**

	Quality	Capacity	Value for Money (VfM)	Flexibility	Environmental Impact
<p><b>Option One:</b></p> <p>Do Nothing</p>	No	No	Yes	No	No
<p><b>Option Two:</b></p> <p>Enter into a long-term block contractual arrangement with the existing market.</p>	<p>As of May 2020, 70% of nursing and residential homes in Herefordshire Care Quality Commission (CQC) Inspection rating are <b>good</b> and 6% are <b>outstanding</b>. 15.5% of Herefordshire residential and nursing homes as <b>'requires improvement'</b> or <b>'inadequate'</b>. This is in comparison to a West Midlands figure of 20% and a national figure of 18%.</p>	<p>Demand and seasonal pressures could affect capacity levels.</p> <p>This would not increase overall care capacity in Herefordshire.</p>	<p>The potential value of block beds can fluctuate significantly over a period of time.</p>	<p>This would secure some capacity, however these types of arrangements frequently lack flexibility or incentives for the provider to maximise the resource.</p>	<p>The current buildings are old buildings and designs are not fit for purpose with multiple care homes struggling to manage. This limits the options for placements within the market.</p>
<p><b>Option Three:</b></p> <p>Purchase buildings on the open market, refurbish and expand.</p>	<p>It would exert some control in the market and ensure some increase in high quality provision.</p>	<p>This would make use of potential sites that would otherwise see beds potentially lost in the market. It may make only incremental increases in overall capacity.</p>	<p>The costs are unknown in advance of identifying specific sites but include acquisition and environmental costs and potentially conversion, extension and/or refurbishment. Over three sites costs are may exceed £10M.</p> <p>Care homes that are up for sale are very</p>	<p>Sites potentially available are limited in size and restricted in relation to planning, listed status or environmental factors. Converted or refurbished buildings tend to offer limited design flexibility.</p>	<p>Buildings would not be meet Herefordshire's Future Homes Standard.</p> <p>The council would need to purchase multiple sites (to achieve 80 beds); this would be more difficult to manage.</p>

			commercially sensitive so it is difficult to know what is for sale.		
<p><b>Option Four:</b></p> <p>Invest and develop our own care facility</p>	<p>Opportunity to ensure good quality provision to residents.</p>	<p>Designed to meet future demand.</p> <p>Entirely new and additional beds in the market.</p> <p>Swift discharge from hospital supporting the wider health agenda</p> <p>Capacity to respond to emergencies</p>	<p>The council has provisionally allocated a £14M capital fund to build a care facility. Engie has estimated (high level) costs in the region of just over £13M and with additional contingencies and project management costs, flood mitigation and to achieve the Herefordshire's Future Homes Standard the build it could go up to £15M.</p> <p>The council would carry all the revenue costs of the services, but these would be minimised by operating the services on a single site.</p>	<p>Can design a bespoke, high specification new care home, which is fit for purpose and offers modular flexibility to adapt to changing requirements</p>	<p>Opportunity to work with a potential Future Homes Standard developer to build a purpose built care facility. A single site would offer environmental benefits of co-location with housing and community facilities.</p> <p>Operation on a single site would reduce environmental impact.</p>
<p><b>Option Five:</b></p> <p>Enter into a relationship with a Provider to invest, develop and contract for the services and work with a partner</p>	<p>There is a reputational risk to the council of working with external partners without reputations for high standards of care and delivery</p>	<p>Would deliver 80 new and additional units of capacity.</p> <p>The council still would not have full control over development and future placements.</p>	<p>The costs at this stage are still unknown.</p> <p>The council could borrow money or secure loans more cost effectively than Providers</p>	<p>The council can design a bespoke, high specification new care home that is fit for purpose and flexible</p> <p>Whilst service specifications and contracts can build in flexibility and some</p>	<p>The partner may or may not share the council's commitment to environmental impact and to achieving Herefordshire's Future Homes Standard.</p>

	<p>Cannot change the contract easily to reflect local change and need.</p> <p>Entering into a long-term relationship with a partner/provider; tying the council in to arrangements for 30 years, whilst demand and delivery models evolve over five to eight years typically</p>		<p>The partner organisation will secure all its investment and risk and that of any commercial third party lenders against the asset and future funding from the council.</p>	<p>control for the council, this will be reduced by involvement of a partner.</p>	
--	--	--	---	---	--

## 8. Conclusion and Recommendation

8.1 **Option One:** Do nothing. This is not recommended

8.2 **Option Two:** Enter into a long-term block contractual arrangement with the existing market.

Block contracts can be difficult to manage and resource intensive, most councils have moved away from this commissioning model for care home provision. It is unclear whether providers would accept block contracts or at what price. **This option is not recommended as it will not provide the additional capacity required within the market or guarantee placements, and still without decisive control for the council over placements**

8.3 **Option Three:** Purchase buildings on the open market, refurbish and expand.

**This option is not recommended as it involves capital projects and costs on a similar scale to options four and five, but with greater complexity and risk arising from working on three separate sites. It also relies on the vagaries of the property market and the council's ability to move quickly in making acquisitions. There is no obvious opportunity to achieve Herefordshire's Future Homes Standard. This option is also more costly and complicated for the operation of services.**

8.4 **Option Four:** Invest and develop the council's own care facility

This option delivers all the key benefits required in increasing the availability of high quality care home beds within the council's control. It does involve a significant and high cost project for the council to deliver and relies on the availability of a single large appropriately located site. **This is the preferred option; further work on potential sites needs to be reviewed.**

8.5 **Option Five:** Enter into a relationship with a Provider to invest, develop and contract for the services and work with a partner.

In principle, this option would deliver most of the key developments, as in option four. However, it introduces significant complications and commercial liabilities to the undertaking, whilst not necessarily bringing decisive benefits to the council. Herefordshire council has experience of similar long-term contractual relationships, where it has allowed a commercial partner to invest in its buildings, in return for guaranteed income and fixed models of delivery. **This option is not recommended, as the risks to the council's finances, reputation and autonomy are significant and likely to outweigh the benefits in creating additional high quality care facilities.**

8.6 It is recommended that **Option four** is the preferred option for further exploration and development. This would be subject to identification of potential locations and exploring co-dependencies, including development of housing and community facilities.

Next steps in exploring a preferred option include developing the business case, consulting with key stakeholders and confirming potential sites to deliver an 80-bedded care home facility in Herefordshire.