

Title of report: Care Home & Extra Care Development: Feasibility Studies

Decision maker: Cabinet Member, Health and Adult Wellbeing

Decision date: 27 October 2022

Report by: Service Director, All Age Commissioning

Classification

Part Exempt

This report is open but an appendix is exempt by virtue of the following paragraph(s) of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A of the Local Government Act 1972, as amended:

- 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Decision type

Non-key

Wards affected

All Wards

Purpose

To approve exploratory, feasibility and design work in relation to four possible sites for the development of a new 80 bed care facility in Herefordshire. It is proposed to carry out exploration and initial design work to RIBA stage 0-1 during 2022/2023 on all four potential sites to inform and enable selection of a preferred site for development. Approval is also required to spend up to a value of £250k, including up to £65k from the capital allocation for the care facility development to enable the feasibility and design works and other investigations.

The four sites have been selected following evaluation of a larger number of sites. The site evaluation work follows the adoption by Cabinet in 2021 of the preferred approach to developing a new care facility.

Recommendation(s)

That:

- a) Exploratory and feasibility work on four potential sites for a new care facility is approved, including the commissioning of initial design work to RIBA stage 0-1 on all four potential sites, at a maximum total cost of £250k, and;**
- b) Authority to make all arrangements and decisions necessary to implement and complete the works and wider exploration is delegated to the Corporate Director for Community Wellbeing.**

Alternative options

1. Not to proceed with exploratory and feasibility works and therefore not to progress the proposed development of a new care facility. This option is not recommended as Cabinet decided in October 2021 that the council would develop, build and operate its own 80 bed care facility. The exploration of site feasibility is a key next step in implementing that decision.
2. Proceed with the proposed development of a new care facility, selecting a preferred site without any exploratory works to assess suitability of sites. This option is not recommended as selection of the proposed site is key to success of such a major project and site evaluation should be informed by detailed exploratory and feasibility work, including initial design work by architectural consultants. Many risks would attend a development which proceeded without the completion of feasibility and exploratory works.
3. Proceed with exploration of sites but restricted to only two potential sites. This option was considered in some depth but is not recommended as cabinet members wish to consider sites in different locations, presenting different opportunities and challenges.

Key considerations

4. In October 2021, cabinet considered options for establishing major new care facilities in Herefordshire, to meet growing population need. It adopted the preferred option of the council itself developing, building and operating an 80 bed care facility. This proposal represents the key next stage in progressing the care facility development. Identifying the site for the care home is necessary to complete detailed business cases, project plans and the review and confirmation of capital funding requirements.

In taking forward plans for the new development, the council is fulfilling a requirement in the Care Act 2014 for local authorities to help develop a market that delivers a wide range of sustainable high-quality care and support services, available to their communities. The Care Act also requires that local authorities assess need and ensure that future services can meet those needs.

5. The council is clear that where the market cannot address these challenges and meet the needs of individuals, it will consider its role within the market and has already in-sourced some services, and is currently exploring these options to ensure choice, quality and cost effective delivery. This is set against a demand for nursing beds per month, which can fluctuate but which has been growing fairly sharply since 2021.

6. Capacity to meet demand for complex care in nursing environments in Herefordshire is limited. The council often has difficulty in both finding placements for people with high needs and controlling the cost of these placements. This can lead to placements out of county. Currently the council is reliant on spot purchasing care at significant cost from dozens of homes run as commercial business 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. This is especially so for people with complex needs arising from frailty and dementia. A summary of key themes in population need related to the development of care facilities is set out in paragraphs 16 and 17 below.
7. In 2021, council officers have conducted a wide ranging review of potential sites for the development of large scale care facilities, incorporating input from various expert teams and services across the council. Possible locations were considered from several perspectives, including planning, transport and active travel, environmental factors, including flooding, master planning, site availability and initial costs, including acquisition.
8. A number of essential criteria which sites must satisfy were identified and were used to determine whether sites were excluded or might go forward for feasibility work. The essential criteria are;
 - a) Sites should be available for development within a period of less than five years.
 - b) Sites should be in reasonably close proximity to the City.
 - c) Initial costs to enable development to start on-site should not exceed a maximum of £2M.
 - d) Sites should offer land area for development of around 10,000m²
 - e) Locations should be generally suitable as providing a home for vulnerable older and disabled people, including a pleasant physical environment.
9. In total 15 sites were considered and these varied in locations and other factors, although all were within three miles of the city centre. The details of the sites considered and the process and outcome of the review work by offers are summarised in Appendix 1 (attached). The locations of all sites are indicated in the maps included in Appendix 2 (attached). During the course of the review, eleven sites were excluded. The most common reasons for exclusion related to;
 - a) Timescale as to availability or prospects of development
 - b) High initial costs of the site.
 - c) Suitability of physical environment and flood or other environmental risks.
10. Following the review, four sites are proposed for feasibility work, including RIBA stage 0-1 works. This exploratory work will include consideration of planning and environmental issues and legal or other factors affecting costs and timescales. This proposed work will inform a recommendation to cabinet in 2023 for the preferred site for development of the 80 bed care facility. Details of the four sites proposed are included in the attached Appendix 1 and Appendix 2.
11. Issues which will feature in the exploratory and feasibility work across the different sites include;
 - a) Apparently low risk environmental factors including flood and contamination

- b) Practicability and cost in mitigating high risk of flooding
- c) Access roads and planning relating to highways considerations
- d) Covenants and the associated financial and time implications
- e) Proximity to the City and active travel considerations
- f) Master-planning considerations, including relating to parking capacity

12. Consultants will be commissioned, in accordance with the council's contract procedure rules, to undertake the RIBA Stage 0-1 works to support the feasibility considerations, which will include the following core activities in the case of each site

- a) Prepare scheme requirements
- b) Undertake site appraisals
- c) Commence development of Business Case
- d) Prepare project brief, including outcomes such as sustainability, quality and spatial requirements
- e) Site surveys and site information
- f) Site constraints information, including highways access and utilities
- g) Undertake feasibility studies
- h) Outline project programme
- i) Outline project budget

On conclusion of these works, the council will receive a feasibility report for each site recommended, clearly confirming whether the care facility as envisaged can be accommodated on the site, whilst identifying all risks and issues associated, along with an outline project budget and delivery programme. The procurement of consultants will utilise frameworks or contract arrangements in place where practicable.

In addition to the work of consultants, there will be legal work required to explore, analyse and quantify all legal risks and issues associated with the sites. This will include full investigation of the title of each site and detailed analysis of the implications of and potential resolution of any covenants. This specialist legal work will be commissioned externally from the council, in accordance with its contract procedure rules.

13. The proposed timetable for the implementation of the feasibility and exploratory work is;

Early October 2022	Contracting of consultants for feasibility work Commissioning of legal investigations relating to sites
Early January 2023	Completion of feasibility work
January 2023	Officer review and selection of recommended site
February 2023	Cabinet Consideration and adoption of preferred site

Community impact

14. The development of a care home facility supports Herefordshire Council's commitments to the County Plan 2020 - 2024 to sustainability and community, and the wider theme of connectivity. It will also assist priorities in the corporate delivery plan in complementing the Talk Community programme and delivering specialist care home facilities and accommodation for vulnerable adults. The building of new large-scale care facilities offers abundant opportunities for colocation of activities and for community participation, engagement and shared use of resources.
15. Development of a large care facility on any of the four sites under consideration will have a significant impact on the immediate community and this will be a key focus of the exploratory and feasibility work. Two of the sites are urban in character, although one in a largely residential area and the other in the heart of the city, surrounded largely by business or transport sites. The other sites lie just beyond the city, are semi-rural but close to existing housing. On each of the sites, the development will bring employment and potential improvements in infrastructure and facilities, to the benefit of wider communities. It will also take up open space, currently used for parking, walking or agriculture. Any development will of course be subject to planning applications.
16. The approach to developing and operating the care facility will contribute to the following themes within the County Plan and Our Delivery Plan 2022/23;
 - Development of council owned care home to meet future demands
 - Protect and improve the lives of vulnerable people
 - Build understanding and support for sustainable living
 - Use the council's land to create economic opportunities and bring higher paid roles to the county.
 - Invest in low carbon projects

The progression and delivery of the care facilities will also help secure achievement of a key priority in the council's delivery plan.
17. It is expected that future social care demand will see the number of people needing bed-based care and support provision rise by 26% over the 10 years to 2031, an increase of 314 people, indicating a growth in the demand for care homes, more specifically nursing homes that can support complex needs. As potential demand increases, so will the proportion of people living with dementia in Herefordshire and particularly, in care homes. With the projected number almost doubling from 1,200 in 2016 to 2,300 in 2036.
18. Herefordshire's Market Position Statement 2020-2025
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
19. 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).

20. There are no particular implications from this proposal for care experienced young people or the council, as corporate parent. However, the new care facility will generate notable employment opportunities locally, both in building it and in operating services for vulnerable people with complex needs. The council is committed to promoting meaningful and sustainable access to employment for care experienced young people. This commitment will be carried forward through the council's own recruitment practice and apprenticeship schemes and its social value approach in commissioning and procurement.

Environmental Impact

21. The council provides a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors, there is a shared strong commitment to improving the environmental sustainability and achieving carbon neutrality in Herefordshire. This commitment would be advanced by sustainable methods and approaches adopted in delivering care in the new facilities proposed in this report.

22. In developing the new care facility, the council will endeavour to align to the following success measures outlined in the County Plan:

Increase flood resilience and reduce levels of phosphate pollution in the county's river

Reduce the council's carbon emissions

Work in partnership with others to reduce county carbon emissions

Improve the air quality within Herefordshire

Improve residents' access to green space in Herefordshire

Improve energy efficiency of homes and build standards for new housing

Increase the number of short distance trips being done by sustainable modes of travel - walking, cycling, and public transport.

23. The specific impact in relation to these measures will depend on the site selected, so that the examination of environmental issues will be important in the design and feasibility work now proposed. The council is keen to explore potential for the care facility development to be able to serve as an exemplar regionally and nationally in environmental building.

Equality duty

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows;

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- d) The proposed development of additional high quality care facilities will provide significant benefits for vulnerable people sharing protected characteristics. In particular older people with complex health and social care needs will get improved access to high quality care in their local area. There will also be similar benefits for disabled people, including those with mental health needs. Three of the options for increased care home capacity will generate a significant local employment opportunity, for a diverse workforce including people sharing protected characteristics. An Equality Impact Assessment will be carried out to ascertain the impact of the preferred option.
- e) There are not anticipated to be any risks or adverse changes arising from this proposal, as it involves the development of new high quality public services. An Equality Assessment will be prepared once the preferred site is confirmed, to identify a set of actions aimed at mitigating any risks to citizens in the protected characteristic groups
25. The public sector equality duty (specific duty) requires the council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. The council's providers will be made aware of their contractual requirements in regards to equality legislation.

Resource implications

26. £14m has been allocated within the corporate capital programme for development and building of the new care facility. The costs of the explorations and feasibility work for each site, including RIBA Stage 01 works and legal investigations will not exceed £250k. The total cost of legal investigations and advice is estimated to be up to £30k for all sites.
27. It is proposed to draw funds from the capital allocation, to cover the costs of feasibility work on the one site which emerges as preferred and goes forward for development. The costs of that work are estimated to be around £50k for each site. Therefore spending from revenue budgets will be required, which is likely to be at least £100k and will not exceed £200k. It is proposed that this revenue spending will be funded from Community Wellbeing specific reserves.
28. Estimated capital costs and source of capital for development of 80 bed care facility are below;

Estimated Build & Fit Out Cost		
	Non Herefordshire Future Homes Standard	Herefordshire Future Homes Standard
Number of Beds	80	80
Build Cost per Bed	£160,000	£192,000
Total Build Cost	£12,800,000	£15,360,000
Fit-out Cost per bed	£8,000	£8,000
Total Fit-out Cost	£640,000	£640,000

Total Build & Fit Out Cost	£13,440,000	£16,000,000
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Sources of Funding		
Capital Receipts	£6,081,000	£6,081,000
Grant Funding	£451,000	£451,000
Prudential Borrowing	£6,908,000	£9,468,000
Total Funding	£13,440,000	£16,000,000

29. On the adoption of a preferred site, following feasibility studies and exploration of site options, a full business case will be prepared for development on the recommended site focusing on provision of a care home only and will not include progression on the extra care option. This will identify an updated estimated capital cost for the development and review of the sources of capital. The borrowing was added to the capital programme on the understanding it would be repaid using future income from and savings related to placements.

Legal implications

30. No specific legal implications. These works forms part of the existing decision for the Council to develop its own 80 bed care facility. As part of any major works, the Council needs to ensure it has carried out all the necessary feasibility checks to ensure the viability of the potential sites to allow for an informed decision to be made at the relevant stage.

31. For any external commissioned services to be sought, consideration of the Council's contract procedure rules must be followed.

Risk management

32. If the recommendations in this report are not adopted, this would give rise to the following main risk;

- The development of the council's own 80 bed care facility would not be progressed and would certainly be delayed. In order to progress towards a detailed business case, confirmed site and detailed designs and project plan, the work on feasibility and viability of potential sites needs to be undertaken.

33. The following risks and opportunities arise from adoption of the recommended approach;

Risk / opportunity	Mitigation
<p>The feasibility studies may not be completed in time to allow site recommendation to be reviewed and adopted by March 2023.</p>	<p>Whilst acting in accordance with procurement rules, it is intended to utilise North West Construction Hub framework arrangements in engaging consultants [MACE] to undertake the feasibility and RIBA 0-1 design work, so obviating the need for lengthy procurement of design works and meeting time-frame requirements for completion of feasibility work. The approach will be implemented in compliance with the council's contract procedure rules.</p>
<p>The costs of the feasibility design works may exceed the budget and proposed utilisation of a small part of the capital allocation.</p>	<p>The budget allocated is sufficient to meet the maximum cost of four feasibility exercises including RIBA design works.</p>
<p>The feasibility design works lead to the conclusion that none of the sites is suitable for the development of the care facility, within resources and timescales .</p>	<p>The four sites have been selected following a detailed review and evaluation of 15 different sites. The four locations represent contrasting opportunities as they have different strengths and weakness. It appears very unlikely that none will prove suitable.</p>
<p>Overall, the proposal provides the opportunity to progress significantly this major capital and strategic development, by identifying the best location and establishing the risks and opportunities at each site.</p> <p>The feasibility work on the sites will provide considerable detail as geographical, planning, logistical, environmental, financial and legal issues at each location. This will also allow consideration of the suitability of sites for other strategic projects, beyond the care facility development.</p>	

34. The risks will generally be held at directorate level and reviewed during the course of the project.

Consultees

35. There has been no external consultation or engagement in relation to the evaluation of potential sites or these proposals. There has been extensive engagement across council directorates and services to inform the identification and evaluation of potential sites, leading to the four locations now proposed for feasibility work.

36. Council commissioners engage continually and intensively with the local care home market, both among independent providers and associations, working closely with NHS agencies. This has provided significant clarity on the priorities, challenges and outlook of the care home sector. Engagement on the broad proposal for the new care facilities has also taken place over a period with NHS agencies, now within the Integrated Care System. They have been broadly supportive of the options to develop new services on this scale.
37. Once a preferred site has been identified and approved by cabinet, the council will undertake significant engagement and consultation with stakeholders, including communities local to the site.

Appendices

Appendix 1; care facility site evaluation (exempt)
 Appendix 2; care facility site location maps (exempt)

Background papers

None identified.

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey	Date 27/09/2022
Finance	Kim Wratten	Date 02/10/2022
Legal	Sam Evans	Date 07/10/2022
Communications	Luenne Featherstone	Date 27/09/2022
Equality Duty	Carol Trachonitis	Date 26/09/2022
Procurement	Mark Cage	Date 29/09/2022
Risk	Jo Needs	Date 12/10/2022
Approved by	Hilary Hall	Date 12/10/2022