



## The Business Case for Extra Care Housing in Adult Social Care: An Evaluation of Extra Care Housing schemes in East Sussex

This case study provides a synthesis of the detailed evaluation of extra care housing schemes undertaken by East Sussex County Council to inform future decisions related to financial investment in extra care housing. In particular, to ascertain whether:

- extra care housing acts as a preventative model, supporting independence and avoiding admissions into residential care;
- extra care housing is a more cost effective model of care delivery than other models, including residential care and care in the community.

The resultant findings revealed that the financial impact of the findings was considerable, with the evaluation indicating that the cost of extra care housing was on average half the gross cost of the alternative placements. This has given pause for thought about the future strategic direction of extra care housing and has helped inform growth plans.

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November 2013

## Overview

Given the increasing squeeze on public finances everywhere, be they revenue or capital, Commissioners at East Sussex County Council were faced with the challenge of presenting a strong evidence based business case for future developments of extra care housing. The business case had to demonstrate a strong spend to save case which, for extra care housing, can be relatively difficult to make. After passing a strategic milestone in the development of extra care housing in East Sussex early in 2012,(the completion of one extra care scheme in each Borough and District) Commissioners decided to take a step back and commission an independent evaluation of extra care housing. This tested two key hypotheses with the aim of providing a clear evidence base to inform future decisions related to financial investment in extra care housing. The hypotheses were as follows and were overwhelmingly upheld:

- Extra care housing is a preventative model, supporting independence and avoiding admissions into residential care;
- Extra care housing is a more cost effective model of care delivery than other models, including residential care and care in the community.

The result of this evaluation, undertaken between November 2012 and January 2013, has delivered very positive and encouraging outcomes for the further development of extra care housing. This has given pause for thought about the future strategic direction of extra care housing in the county and the role played in this by the County Council.

The most significant findings include the following:

- when assessing where residents in the schemes would live if they were not living in extra care housing, 63% were judged as needing residential/EMI/nursing care;
- the enabling design and accessible environment of extra care housing supported self care and informal family care, thus increasing independence;
- the evaluation outcomes strongly support the preventative nature of extra care housing;
- the importance of the on-site restaurant was emphasised, not only for nutritional and health impacts, but also as a social hub and springboard for social activities.

The financial impact of the findings was considerable, with the evaluation indicating that the cost of extra care housing was on average half the gross cost of the alternative placements. When analysing the individual client data it became clear that, using the financial framework developed in East Sussex, the best impact and financial returns were delivered by clients at the high end of the medium dependency care band, i.e. between 10 to 14 hours per week of care at the point of entry (there are differing care hour requirements in the dependency levels across the county).

Capital invested in the schemes by the Council was recovered, depending on the scheme and size of contribution, between 1.5 and 3.3 years.

Both the challenge and the importance of preserving the integrity of the model have been highlighted by the evaluation. Extra care housing schemes need to be carefully managed with close attention paid to initial and ongoing allocations to ensure that overall dependency levels do not rise too high or fall too low. Ongoing vigilance is needed to keep a scheme's residents able enough to form and shape a vibrant community, but sufficiently in need of care to reap the financial gains. If dependency levels are too low people do not utilise the enabling benefits of extra care housing, whilst if overall levels of care are too high a residential care resource may emerge by stealth.

## Introduction

East Sussex County Council (ESCC) Adult Social Care (ASC) Department has followed a well defined path in the development of extra care housing. This was mapped out in research on the need for extra care housing by Peter Fletcher Associates in 2000 which forecast the need for 392 units (plus 150 for people with dementia). In part this was predicated on a 10% shift away from residential care admissions. The East Sussex Joint Extra Care Housing Strategy 2003-2008 was developed with key Housing and Health partners. It outlined a strategic approach to extra care housing of developing one scheme in each Borough and District in the county. All five Borough and Districts signed up to this strategy. Subsequent strategic direction is outlined in a county-wide Supported Housing and Housing Support Strategy (2013 – 2018).

The clear strategic direction taken by partners in East Sussex is the subject of an early Housing LIN Case Study No 2 entitled Extra Care Strategic Developments in East Sussex (September 2003). This Case Study charts the progress made since 2003 with a particular emphasis on how the challenges of making a business case for extra care housing in ASC have been surmounted and what the implications are in the future direction of extra care housing in the county.

Over time the strategic commissioning of extra care housing in the county has moved from an opportunistic to a strategically driven approach. This is reflected in schemes located in areas of greatest need. The commissioning of extra care housing has been well resourced at all stages: scheme development, allocations, care and support commissioning and ongoing operational involvement through a multi-agency Operational Management Group. A more strategic approach has also been taken to capital funding by the County Council.

The fulfilment of the original strategic aim was realised in January 2012 with the completion of the fifth extra care housing scheme in Eastbourne which meant that there was one scheme in each Borough and District. Two further schemes are in development, both in towns with significant demographic challenges.

The County Council is taking stock before embarking on further extra care housing schemes. Reasons for this will become apparent later in this case study, but it is clear that the outcome of the evaluation will be a key driver in determining the future direction of extra care housing in East Sussex.

Recurring themes in the development of extra care housing in East Sussex have included:

- a decision to focus on new build not refurbishments;
- recognition that close partnership working is essential to maintain a housing with care model and the collective contribution of partners results in the best outcomes for older people, staff and partner organisations;
- facilitating funding of activity co-ordinators or community participation workers, preferably from scheme opening, because these posts make a key contribution to the success of schemes in increasing opportunities for socialising, maximising use of the communal space in buildings and increasing social cohesion;
- promoting a two way community interface i.e. people are actively encouraged to participate in the local community and some of the communal resources in schemes are open to the community to use;
- paying attention to the balance and range of need and dependency levels required to maintain the integrity of the extra care housing model whilst commissioning a care and support model which is cost effective for ASC, meets a housing need, supports a vibrant community and does not tip schemes into a residential or nursing care model;

- ongoing Supporting People funding in all extra care housing schemes; the valuable contribution resulting from this funding in the calibre and consistency of housing support has been integral to the success of the schemes and has enabled a broader range of need across mental health and learning disability to be successfully supported in small numbers;
- robust management of schemes through Operational Management Groups which meet regularly and ensure that the effective partnership working, so key to the success of schemes, is maintained; this approach has resource implications, but these are more than offset by the benefits.



*Downlands Court, Peacehaven*

## **Context for the evaluation**

Despite the demonstrated success of extra care housing in the county as a preventative, high quality housing with care model, as new schemes have come on line, the cumulative capital and revenue investment in this agenda has increased resulting in a sharper focus on value for money and cost effectiveness.

In ESCC, £3.1m has been made available through the County Council's Capital Programme. Underwriting this has been an 'invest to save' imperative with business cases required to demonstrate this have been paramount and of increasing importance. ESCC and its extra care development partners have committed a total of £35.1m capital investment over the recent years. This includes grant funding from the Homes and Communities Agency.

With each new scheme coming into development the model of care and support has been reviewed and on occasions changed.

In early 2012, it was agreed that an independent evaluation of the five extra care housing schemes was a high priority. Key drivers for commissioning the evaluation included:

- the need to make a business case for all future schemes to the Capital Programme in the County Council;
- significant financial stringency in the County Council leading to the need for ASC to meet a challenging savings target;
- repeated 'political' challenging of the effectiveness of extra care housing as a cost effective model for ASC;

- the need to be confident about the cost effectiveness before committing to further developments;
- having robust qualitative and quantitative information to inform future commissioning decisions in relation to both capital and revenue spend.

## Parameters of the evaluation



*Marlborough House, Hastings*

The evaluation did not set out to test the cost effectiveness of extra care housing to the health economy or indeed to the whole health, housing and social care economy.

However, clear benefits, particularly to health, but across the whole economy, are woven through the evaluation's findings. Financial benefits to the wider health and social care economy would need to be progressed in a further piece of work.

The focus was on the social rented flats, as these are mainly occupied by people in receipt of care and support funded by ASC, although where information was available the shared equity flats were included.

## Methodology

The methodology was developed by Commissioners in ASC and 'signed off' by key senior operational and financial managers. This consensus has been crucial in the subsequent endorsement of the evaluation's findings.

The evaluation tested two hypotheses:

- extra care housing is a preventative service model which enables people to remain in the community and not enter residential care or nursing care;
- extra care housing is a more cost effective model than residential/nursing care or a person's own home.

The evaluation is based on a snapshot between November 2012 and January 2013 of people living in extra care housing. Given that there are over 200 people in extra care housing the impracticality of interviewing all the residents meant that checks and balances played an important part in the methodology. Four separate processes were used to authenticate the evidence gathered by the Consultant. Information for 189 people was looked at. Most of these were living in social rented flats, but some of the shared equity residents information was looked at where the relevant information was available.

The four processes were as follows:

- ASC assessment and review processes;
- a desktop exercise was undertaken on every person living in extra care housing using ASC information (social care assessment, support plans, reviews) plus housing assessments and housing support plans to enable the Consultant to form a view about where people

would be living if they were not in extra care housing. Six possible alternatives to extra care housing were identified:

- domiciliary care in own home;
  - sheltered housing with care and support;
  - very short term domiciliary care (unlikely to be sustained beyond 6 months and likely to result in residential care after this);
  - residential care;
  - EMI residential or nursing care provision;
  - nursing care.
- the Consultant visited every scheme and sought the views of the scheme manager and the care manager about appropriate alternatives for everyone living in their scheme; following discussion the Consultant's initial views were modified (in some cases);
  - recommendations of the alternatives were moderated through ASC operational managers giving views about appropriate alternative placements on a random sample of residents across all schemes, using the same information as the Consultant.

There was a very high rate of correlation between the findings in these four processes. Once the Consultant's information was finalised, detailed financial analysis was undertaken by ASC Strategic Finance to cost the hypothetical alternatives to extra care housing identified by the Consultant. Both gross and net costs to ASC were calculated.

The Financial Analysis report, which was completed in June 2013, is confidential to ESCC.



*Cranbrook, Eastbourne*



*Margaret House, Uckfield*

## **Key Findings from the evaluation**

Both the hypotheses were upheld. The key findings are summarised on the 'dashboard' on the next page. Some of the findings are expanded on in the text and there is a section on unexpected themes emerging from the evaluation.

## Summary Dashboard of Key Findings

<p><b>Appropriate placement</b></p> <p>95% of people were appropriately placed</p>	<p><b>Hypothetical alternative placement</b></p> <p>36% of people would require domiciliary care in own home/sheltered housing if not in extra care</p>	<p><b>Hypothetical alternative placement</b></p> <p>63% of people would require residential/EMI/nursing care if not living in extra care</p>
<p><b>Age</b></p> <p>under 65 11% 66 -75 24% 76 -85 29% 86+ 36%</p>	<p><b>Dependency Levels (rented)</b></p> <p>33% high 27% medium 25% low 10% none 4% voids</p>	<p><b>Care Need</b></p> <p>82% overall had a care need 86% rented 61% shared equity</p>
<p><b>Dementia</b></p> <p>3% - 26% range in schemes 14% average (formal diagnosis)</p>	<p><b>Couples</b></p> <p>27% average at scheme opening 13% at time of evaluation</p>	<p><b>Design</b></p> <ul style="list-style-type: none"> <li>• accessible environment was an incentive to families to continue care and visiting,</li> <li>• design impacted positively on care delivery</li> </ul>
<p><b>Double-ups</b></p> <p>8 – 24% in schemes 14% average</p>	<p><b>Cost benefit to ASC</b></p> <p>Care Provision in Extra Care is half the cost of the average alternative provision identified (gross costs)</p>	<p><b>Balanced Community</b></p> <p>Mixed age and mixed dependency schemes worked best - a balanced community is crucial to success of schemes.</p>
<p><b>Restaurant</b></p> <p>Restaurant acts as a focal point for meals, good nutrition and a springboard for social activities. It is critical to success of the model.</p>	<p><b>Moved from Hospital into Extra Care</b></p> <p>3 – 21% in schemes 13% average</p>	<p><b>Health and Wellbeing</b></p> <ul style="list-style-type: none"> <li>• reduction in anxiety</li> <li>• positive impact on high prevalence of diabetes</li> <li>• reduction of social isolation</li> </ul>

## Where would people be living if they were not in extra care housing?

The key finding, which was unexpected but is extremely significant, was that 63% of people living in the schemes would be placed in residential care, EMI or nursing care if they were not living in extra care housing.

This figure was broken down as follows:

- 37% of people would require residential care, but this figure increased to 44% if the short term domiciliary option was included
- 4% of people would need EMI care (mainly residential not nursing care)
- 15% of people would require nursing care

It represents more than the total number of people in the medium and high care bands, suggesting that care is not necessarily the main indicator of need and vulnerability. For some people, the need for housing support was more prominent than care; this has particularly applied to older people with mental health difficulties and older people with a learning disability. The built environment also played a key part in this; further detail on this is in the section on design.

The remaining 36% of people required a domiciliary care package at home or in sheltered housing.

## Were people appropriately placed in extra care housing?

The Consultant's view was that 94% of people were appropriately placed (this was revised upwards from 85% following discussion with scheme and care provider managers). Reasons for inappropriate placements included: widowed spouses, people whose level of independence had increased since moving in, people whose previous accommodation had been closing e.g. decants from sheltered schemes whose care needs had reduced once their accommodation was suitable.

Importantly, this high level of appropriate placement suggests that allocation policies at initial scheme let and ongoing allocations are being adhered to.



*Newington Court, Ticehurst*

## Financial benefits

Detailed financial analysis undertaken by ESCC using the findings from the evaluation covered the following:

- *actual savings*: money that was spent on a service which was no longer required following entry to extra care housing e.g. savings made if someone moved out of residential care into extra care housing
- *avoided costs*: money that would have been spent if the cost had not been avoided i.e. someone remains in extra care housing with a care package, but avoids admission to residential care. This applied hypothetically to 63% of those living in extra care schemes

ESCC Strategic Finance costed every hypothetical alternative placement. Both gross and net costs were calculated to ensure client contributions were taken into account.

The headline figure of 63% of people in extra care housing, who would otherwise need to be in residential/EMI/nursing care immediately, indicates that there are significant cost benefits to ASC. The key findings can be summarised as:

- revenue: the cost of a placement in extra care housing is half that of the alternative placement or care package
- capital: return on capital investment is 1.5 years best case scenario and 3.3 years worst case scenario (based on capital contributions by ESCC in the 5 schemes and on gross savings)

Following detailed financial analysis and scrutiny, ESCC have concluded that extra care housing schemes offer considerable value for money in both gross and net costs compared to the costs which would have been incurred in alternative placements/care packages.

### Dependency levels

There has always been an emphasis on achieving and maintaining a balanced community.

The diagram below illustrates the evolving direction of travel in the county of dependency levels. Early schemes accommodated people in proportions of one third high, one third medium and one third low need. Work in 2007/08 introduced a standardised approach in the schemes for new applicants to schemes of 40% high, 40% medium, and 20% low dependency levels.

2003 Scheme	2007- 2008 Scheme	2009 Scheme	2012 Scheme	Future Schemes 2015
<b>33% Low:</b> 0 - 4hrs	<b>20% Low:</b> 2.5 – 5hrs	<b>20% Low:</b> 2.5hrs – 6hrs	<b>30% Low:</b> see note below*	<i>Proposed bandings:</i> <b>20% Low:</b> 5 - 9hrs
<b>33% Medium:</b> 5 – 9hrs	<b>40% Medium:</b> 6 – 11hrs	<b>40% Medium:</b> 7 - 11hrs	<b>40% Medium:</b> 10 - 14hrs	<b>50% Medium:</b> 10 - 14hrs
<b>33% High:</b> 10+hrs	<b>40% High:</b> 12+hrs	<b>40% High:</b> 12+ hrs	<b>30% High:</b> 15+hrs	<b>30% High:</b> 15+hrs

\* split between:

10% Very Low: 2.5hrs (to facilitate Housing Department's request to accommodate decants from sheltered housing)

20% Low: 6-9hrs

**HIGHER HOURS IN EACH BAND, BUT NOT AN INCREASE IN HIGH DEPENDENCY NUMBERS**

Further changes were made in the latest scheme which has a dependency level mix of 30% high, 40% medium, 30% low; the level of need (number of care hours) was increased in each band. In addition, in the latest scheme, the range of need was also extended to specifically focus on a small number of older people with a learning disability or mental health need for whom extra care housing would be an alternative to residential care. The numbers were agreed and laid down in the Nominations Protocol agreed by partners (the Registered Provider, Borough and ASC).

New schemes are likely to have dependency level bandings as follows: 30% high, 50% medium, and 20% low. Achieving a balanced community in extra care housing which does not tip into a residential model of care can be challenging. Experience in East Sussex has shown that people at the high end of the medium dependency level are often the greatest beneficiaries of extra care housing and they are also likely to provide ASC with a significant cost saving. Reasons for this include:

- pressure is taken off carers and families who may be struggling to cope with increasing dependency and couples can stay together;
- it enables people who may not yet be at crisis point to avoid any unnecessary residential care admissions;
- people are able to contribute significantly to a scheme resulting in a more balanced and vibrant scheme;
- care needs often reduce after someone goes into extra care housing due to 24hour on-site care provision and living in accessible accommodation. However, it is important that care needs do not reduce to a very low level or to the point where no care is required, as this would not be beneficial to the person or ASC. A significant number of people at the higher end of the medium band would act as a safeguard against this happening.

The evaluation demonstrated that some people with low dependency levels would require significantly higher care packages if they were not in extra care housing. Reasons for this included:

- housing support, not the care, was a significant factor in enabling people to live more independently;
- increased pressure on informal carers and family members in situations which are at risk of breaking down;
- the accessible environment, not the care, was a significant factor in enabling independence.

## **Design**

The impact of good design and the crucial part played by accessible accommodation was a repeated theme in the evaluation. The design of the schemes was positively welcoming to families and individual flats lent themselves to family visits. Attractive, modern, communal aspects of buildings with restaurant and cafe facilities were cited repeatedly as inviting places for relatives of all ages. Guest flats were also an attractive, well used feature.

## **Unexpected themes from the evaluation**

Illuminating observations by the Consultant have served to reinforce the positive and preventative aspects of extra care housing. It is important to note that most of these findings detailed below also have financial benefits for ASC which have not been costed. These include:

- the intrinsic benefit of a well designed, accessible scheme to carers, residents, family members and staff;
- the high prevalence of diabetes and the far reaching impact of this long term condition on health and wellbeing;
- the high frequency of continued involvement of families who provided informal care and thus reduced the need for formal care;
- the central location of a restaurant and the pivotal role it played in providing a scheme with its heart, resulting in many additional benefits including increased socialisation, improved nutrition (issues frequently highlighted in assessments) and facilitating community involvement in a scheme;
- the tenacity of people in maintaining their independence; extra care housing significantly facilitated this.

## **Contribution to a scheme**

Clarity about the extra care housing model is key to helping a scheme to function in a healthy way. This needs to be made clear in the marketing of schemes and in the assessment and allocation process. Sufficient recognition should be given to the importance of people playing a part in a scheme and making a contribution. Mutual support by residents of each other can reduce the need for care and support. There is an expectation in schemes that for surviving partner of couples should seek to contribute back to the scheme, depending on their abilities.

## **Dementia**

The number of people with a formal diagnosis of dementia was surprisingly low. Given the older people's demographic profile in East Sussex, the reasons for this need further investigation. One scheme had been set up with an emphasis on dementia. When it opened in 2009, eight flats were designated for people with dementia because this was a significant need in the local area. Interestingly, although the number of people with dementia at this scheme has increased above this at times, at the time of the evaluation, it was eight.

## **Looking Forward**

### **Dilnott – paying for care**

Mixed tenure schemes will offer self funders and those whose capital is likely to reach the “cap” proposed under Dilnott quickly, the opportunity to purchase shared equity flats. There appears to have been a change in the purchase of shared equity flats in the county since the opening of the first scheme with shared equity flats in 2009 to the latest scheme which opened three years later. In the latest scheme, more people with care needs have purchased flats than in the earlier schemes. Some of these people had very significant care needs. It is likely that extra care housing will offer an attractive model financially for some people whose care needs may be reduced through being in extra care and for whom the cost of extra care housing would be more affordable than residential care. It also allows people to retain equity and couples to stay together.

## **Impact of the evaluation**

The evaluation has strengthened the foundation on which extra care housing has been developed in the county and confirmed the commissioning approach to capital and revenue investment. It has allowed for a short period of reflection about the future model and direction of travel which is viewed as important in the evolving agenda, not just for extra care housing, but for wider housing options for older people. In essence it is the platform on which discussions about the broader agenda will be based.

## **Next Steps**

Further work is underway to consider the future direction for extra care housing in East Sussex. This is being progressed through discussions with a wide range of partners, including health and Members. The model is being promoted as widely as possible. Further work will be undertaken on gathering health data prior to admission to the new extra care housing schemes so that the health benefits can be consistently captured.

## **Conclusion**

The significance of the outcomes of the evaluation for ASC cannot be under estimated, in particular the preventative benefits of the model for people living in extra care housing, their carers and families is of paramount importance. This in turn has a significant positive impact on ASC both financially and qualitatively.

After a considerable amount of repeated debate and scrutiny about the cost effectiveness of the extra care housing model, the findings of the evaluation are conclusive enough to close the debate. However, the need to continually monitor the effectiveness of the model to deliver the maximum benefits for ASC, Housing and older people themselves will continue. The detailed information in the evaluation (see link below) will be useful in informing ASC about the future direction of travel on both capital and revenue investment and care and support commissioning.

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## **Acknowledgements**

We are grateful to Jeremy Porteus and the Housing LIN for publishing this case study and to Georgiana Robertson Independent Consultant Social Care and Housing who undertook the evaluation on behalf of East Sussex County Council and key partners involved in the extra care housing schemes who supported this evaluation.

## **Note**

The views expressed in this paper are those of the author and not necessarily those of the Housing Learning and Improvement Network

Extra Care in East Sussex Evaluation Report June 2013 is available via the East Sussex County Council website ( [www.eastsussex.gov.uk/socialcare/leavinghome/supported/default.htm](http://www.eastsussex.gov.uk/socialcare/leavinghome/supported/default.htm) ).

## **About the Housing LIN**

Previously responsible for managing the Department of Health's Extra Care Housing Fund, the Housing Learning and Improvement Network (LIN) is the leading 'learning lab' for a growing network of housing, health and social care professionals in England involved in planning, commissioning, designing, funding, building and managing housing, care and support services for older people and vulnerable adults with long term conditions, including dementia.

The Housing LIN welcomes contributions on a range of issues pertinent to housing with care for older and vulnerable adults. If there is a subject that you feel should be addressed, please do contact us.

## **Published by:**

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