

## Private Sector Engagement with Extra Care Housing Development

This case study examines the approach of housing developer Osborne in seeking to understand the extra care housing market and engage with local authority commissioners. It explains the company's interest in the sector, the rationale behind the research project and the methodology employed, and discusses learning points for both local authorities and private sector partners.

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### Introduction

Studies of the market for older persons' housing suggest that much more extensive private sector involvement will be required, both to deliver the volume required and to re-balance the market so that there is the right kind of supply. For example, the current provision of extra care housing nationally is believed to be between four and eight units per thousand population over seventy five years of age, whereas the estimated level needed is around twenty five units (see *More Choice, Greater Voice*, CSIP/CLG 2008). Meanwhile, home ownership amongst older people is set to increase from the current level of 68%, to 75% by 2026. This contrasts sharply with the balance of existing provision, where the ratio of rented sheltered housing to leasehold retirement housing is approximately four to one.

## **Background to Osborne and its interest in extra care housing**

Osborne is one of the UK's leading family-owned construction, civil engineering and property services companies, with expertise in delivering projects in affordable housing, civic buildings & amenities, commercial property, education, healthcare and transport (including airports, highways and rail). Osborne was founded in 1966 by Geoffrey Osborne, an engineer who was convinced that construction did not have to thrive on confrontation and who brought a sense of courtesy and honesty to the traditionally adversarial world of construction. He believed that if you are straightforward and open in your dealings with people and if you do a good job for them they will always come back to you. Osborne therefore has a long history of working in a collaborative manner, something which has been developed more widely in the construction industry in recent years through 'partnering' initiatives.

Osborne's interest in extra care housing was based on a number of factors:

- A track-record in similar or related projects, which had demonstrated there was potential for profit, for example:
  - 'Caring4Croydon' Care Homes PFI: 150 residential and nursing places, 40 extra care flats and 128 day care places
  - Coloma Court for 'Daughters of Mary and Joseph': construction of a new care home
  - Marlborough House, St Leonards for Chichester Diocesan HA: primary health care facilities and extra care housing on the site of a derelict Edwardian hotel
  - Newington Court Care Homes for Rother Homes: extra care scheme and new GP surgery.
  - Various supported housing projects for other client groups
- Experience in liaising with Social Services clients, occupational therapists and care providers and therefore the belief that Osborne has a particular set of skills to offer in building extra care housing.
- An 'instinct' based on snippets of information, suggesting there should be expanding opportunities in the sector, which needed to be demonstrated and quantified.
- A perception, based on Osborne's experience, that projects involving health and community facilities combined with housing are often better funded - as well as providing additional benefits to the community.
- A desire to create a link between the company's work on care homes and the mainstream affordable housing projects, developing the ethical strand within Osborne's philosophy that seeks to make a positive impact in communities.

Osborne's housing director realised that the company needed to understand the sector better and that this needed to include the Board. For example, there was confusion between models of 'extra care', 'care homes' and 'sheltered housing' and their respective regulatory and funding regimes. He realised the importance of speaking the right language in order to communicate effectively and establish the company's credentials with local authority commissioners.

Several attempts had been made in-house to explore the extra care sector and understand government policy but they had not borne much fruit. Osborne realised

that they needed expert assistance to obtain a full appraisal of the policy issues, to understand the market and, crucially, to identify the right contacts. Osborne has well developed networks in the housing sector, but since extra care housing involves a wider range of stakeholders (e.g. social care, Supporting People, health), both networking and creating partnerships are more challenging.

### **The brief**

The brief for the research was to investigate market opportunities for extra care housing in the South East of England. Osborne's interest is primarily in construction, but it wanted to appraise the opportunities for acting in a developer role, and leading consortium bids for larger projects. The project needed to provide Osborne with an *understanding* of the market and its key drivers, not just facts and figures. But it needed to deliver two other things too: assistance with engaging local authority commissioners; and knowledge of local markets, which could inform approaches to commissioners and responses to tender invitations.

The key outputs specified in the brief were therefore as follows:

- An explanation of housing, care and support models for older people, including terminology and inter-relationships with other forms of housing and care for older people
- A review of the government policy context for extra care housing
- Presentation of key market data on supply and demand
- An analysis of the forces driving supply and demand in the extra care housing market nationally
- A regional analysis of the strategic intentions of commissioners
- Identification of key contacts in each local authority.

### **Methodology**

The research was tackled in two stages. The first consisted of a review of relevant literature, national statistical information and specialist market information, combined with their own market knowledge, which was used to produce a market report covering the following headings:

- Models of housing for older people
- Defining extra care housing
- Regulation issues
- The role of communal space in ECH: the concept of 'community', image, specialist facilities, restaurants, community 'hubs'
- Government policy
- Demographic trends
- Social and cultural trends
- Quantifying need for specialist housing
- Market size and potential – including related markets of sheltered housing, retirement housing and care homes

- Influences on market growth
- Structure of the market: developers and managers of extra care housing

The second stage used web-based research to explore the published strategies of local authorities in relation to extra care housing. Osborne requested an investigation at county/regional level, covering London, the South East and South Midlands, an area based on drawing an arc through the locations of Osborne's regional offices. In practice it was necessary to review the strategies of every local authority in this area, some 142 authorities. This was because regional housing strategies make very little mention of housing for older people, let alone specific models such as extra care. Even county council "older people" strategies frequently make only general references to housing. To obtain an understanding of strategy regarding extra care housing it is necessary to review a range of information at both district and county level for two-tier authorities; and covering the full spectrum of housing and social care strategies for unitary authorities and London boroughs. Documents examined included: housing strategies, housing needs studies, Supporting People strategies, commissioning strategies for adult social care, web pages, press releases and committee reports. These were used to prepare summaries of the extra care strategies for each county, unitary authority and London Borough in the study area.

## **Benefits**

Osborne's housing director initially had to press for approval to commission the research, but the company is extremely pleased with the outputs from the work, which therefore justifies his initiative. The report confirmed Osborne's belief that there is strong market potential in extra care housing, both in the public and private sectors. It was important to Osborne that this was evidenced with reference to Government policy and market data. Osborne now has the confidence to move forward, investing more resources in engaging with local authorities and pursuing opportunities.

Osborne is much better equipped to promote their services in extra care housing development. There is an enhanced level of understanding of the extra care housing market both at Board and senior management level. Key points of interest from the market analysis section of the report included:

- The terminology used for different models of housing, care and support
- The fact that the accommodation element of extra care housing is not regulated by CSCI, which has implications for the design and construction of the buildings
- The impact of the aspirations of the baby boom generation reaching old age, as well as demographic trends
- The government's interest in (and promotion of) extra care housing
- Explanation of the 'independence and choice' and 'care closer to home' agendas and their connections with housing.
- The scale and projected impact of the increase in home ownership amongst older people
- The decline in the care home market and the trend towards nursing care
- The analysis of the structure of the market, and key players

The analysis of the structure of the market and key players has enabled Osborne to draw up a target list of potential partners, for example, managers of housing and care services with whom Osborne could work to develop extra care housing.

The local authority strategy summaries from stage two of the research yielded over twenty potential opportunities for Osborne to follow up, which otherwise it would not have known about. Osborne considered that on this basis alone the fees for the research represented excellent value for money. Osborne's senior staff will be in a much better position to make connections with commissioners: they have names and contact details of those responsible for commissioning extra care housing and they are equipped with a knowledge of local strategy. They also feel better equipped to lead consortium bids for larger projects such as PFI contracts.

Clearly there are potential benefits from this approach for local authorities too. Where a developer/contractor is able to engage with the local agenda, opportunities and synergies can be identified which otherwise would be missed, for example:

- Site opportunities: finding suitable sites was identified in a recent survey as one of the key constraints faced by local authorities that are trying to develop extra care housing.
- Design, build and finance packages for existing sites: again, in a recent survey capital funding was identified as a key constraint on development
- Leaseback opportunities.
- Availability of rent and sale units within larger mixed tenure extra care developments.

## **Learning Points**

This case study illustrates good practice on the part of a private contractor/developer in seeking to understand the extra care market. It demonstrates one way in which a contractor/developer can take the initiative in engaging with local strategies and placing itself in a position to contribute effectively to the agenda, with a view to delivering the outputs and outcomes that local authorities are seeking through their extra care housing strategies.

There are some interesting learning points for both the public and private sector:

Information on government policy regarding housing with care needs to be more accessible to private sector developers. There is a wealth of valuable information available, not least on the Housing LIN; but the fact that an experienced affordable housing developer such as Osborne had not found much of it and the fact that at Board level the extra care housing model was not understood, means that there is much work still to do around the dissemination of information.

Those thinking of getting involved in developing extra care housing (e.g. Registered Social Landlords and private developers) should follow Osborne's lead in commissioning expert help to ensure that they understand what is a specialist market, and that they know how to engage with the key decision makers and potential partners .

Osborne is a contractor/developer which actively wants to engage with the public sector and has a track record in a range of supported housing and care home projects; yet it had not found it easy to identify and engage with the key

commissioners for extra care housing. There need to be better channels of communication to assist the private sector in engaging with local housing agendas for older people. Local and regional forums are needed to bring public and private stakeholders together; and local authorities need to be more active in involving the private sector in more formal structures such as Local Area Agreements.

The research highlighted the variable quality of information on strategy available on local authority websites. Those that have produced a housing strategy for older people are still in the minority. As a result, identifying the strategic position on extra care housing is a challenging and time consuming task, even for those experienced in research and with a comprehensive knowledge of the sector. Strategies also need to be updated more regularly so that the available information is current.

As a contractor/developer, Osborne values the publication by authorities of clear and specific information on their strategic intentions, to enable it to present its 'offer' effectively. Osborne's attention will therefore be directed towards engaging with those authorities that have developed a clear strategy for extra care housing. The company believes that authorities would benefit from direct dialogue with experienced builders, in addition to the more conventional channels through architects and Registered Social Landlords. It particularly welcomes information in the form of specifications of services and outputs required: this is a format to which a developer can relate and respond. Speculative development will also be encouraged by clear and accessible strategy statements, since they provide the assurance that a developer such as Osborne needs if it is to invest in extra care housing development.

### **Other relevant Housing LIN publications**

Available to download from: <http://www.icn.csip.org.uk/housing>

#### Toolkits/reports:

- [Extra Care Housing toolkit](#) (CSIP 2007)
- [More Choice: Greater Voice](#) – a toolkit for producing an accommodation with care strategy for older people (CSIP/CLG 2008)
- [Shared Equity: Using the private finance initiative to boost ECH](#) (CSIP/4ps 2008)

#### Factsheets:

- [Private Sector provision of Extra Care Housing](#) (No.7)
- [The potential for independent care home providers to develop ECH](#) (No. 17)

#### Case studies:

- [A mixed-tenure retirement community in Bristol](#) (No. 5)
- [Develop Extra Care Housing in Cheshire: The PFI route](#) (No.23)

Other Housing LIN publications available in this format:

- Case Study no.1: **Extra Care Strategic Developments in North Yorkshire**  
Case Study no.2: **Extra Care Strategic Developments in East Sussex**  
Case Study no.3: **'Least-use' Assistive Technology in Dementia Extra Care (Eastleigh)**  
Case Study no.5: **Village People: A Mixed Tenure Retirement Community (Bristol)**  
Case Study no.6: **How to get an Extra Care Programme in Practice**  
Case Study no.7: **Supporting Diversity in Tower Hamlets**  
Case Study no.8: **The Kent Health & Affordable Warmth Strategy**  
Case Study no.9: **Supporting People with Dementia in Sheltered Housing**  
Case Study no.10: **Direct Payments for Personal Assistance in Hampshire**  
Case Study no.11: **Housing for Older People from the Chinese Community in Middlesbrough**  
  
Case Study no.12: **Shared ownership for People with Disabilities (London & SE)**  
Case Study no.13: **Home Care Service for People with Dementia in Poole**  
Case Study no.14: **Intermediate Care Services within Extra Care Sheltered Housing in Maidenhead**  
  
Case Study no.15: **Sheltered Housing Contributes to Regeneration in Gainsborough**  
Case Study no.16: **Charging for Extra Care Sheltered Housing Services in Salford**  
Case Study no.17: **A Virtual Care Village Model (Cumbria)**  
Case Study no.18: **Community Involvement in Planning Extra Care: the Larchwood User's Group (Brighton & Hove)**  
  
Case Study no.19: **Durham Integrated Team - a practical guide**  
Case Study no.20: **BME Older People's Joint Service Initiative - Analysis and Evaluation of Current Strategies (Sheffield)**  
  
Case Study no.21: **Estimating Future Requirements for Extra Care Housing (Swindon)**  
Case Study no.22: **'The Generation Project': a sure start for older people in Manchester**  
Case Study no.23: **Developing ECH in Cheshire: the PFI route**  
Case Study no.24: **Commissioning an ECH Scheme from Social Services' Perspective - Leicester**  
  
Case Study no.25: **Broadacres Housing Association Older Persons Floating Support**  
Case Study no.26: **Unmet Housing-Related Support Needs in Wokingham District - an investigation**  
  
Case Study no.27: **Dee Park Active Retirement Club - Age Concern Berkshire**  
Case Study no.28: **Essex County Council Older Person's Housing Strategy (Summary)**  
Case Study no.29: **Pennine Court: Remodelling sheltered housing to include Extra Care for people with learning difficulties**  
  
Case Study no.30: **Dementia Care Partnership: More Than Bricks and Mortar**  
Case Study no.31: **Anticipating Future Accommodation Needs: developing a consultation methodology**  
  
Case Study no.32: **Park View: an 'Independent Living' scheme with support for individuals with a learning difficulty**  
  
Case Study no.33: **Private Sector Leasing Scheme for People with Learning Difficulties in Norfolk**  
  
Case Study no.34: **Mini-Cost Model of Housing with Care Project**  
Case Study no.35: **Ledbury Community Health and Care Centre**  
Case Study no.36: **Duddon Mews Extra Care Scheme for People with Mental Health Problems and Physical Frailty in Cumbria**

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