Housing LIN
Connecting people, ideas and resources

The market for extra care housing

A report for Mears Group

MARCH 2019

Housing Learning and Improvement Network

Contents

Executive summary

Overview

- There has been relatively **limited UK Government policy** in relation to supported and **older people's housing** over the last 10 years.
- The **retirement housing sector** in the UK, which includes extra care housing, is **modest in size** but has **scope for significant growth** due to predicted demographic change.
- The **fastest-growing age group** will be people aged **65 and over**; a growth of 20.4% over 10 years and nearly 60% over 25 years in England.
- This ageing population will experience increasing needs for care and support, including **increasing prevalence of needs associated with dementia**.

England summary

- The **North East** and **South West** currently have the **highest** relative supply of age-designated housing of the English regions.
- The **East Midlands**, **East of England** and **Yorkshire & The Humber** currently have the **lowest** relative supply of age-designated housing of the English regions.
- The **North East**, **East Midlands** and **Yorkshire & The Humber** have the **lowest** relative supply of **extra care housing** of the English regions
- The **West Midlands** and **South East** have the **highest** relative supply of **extra care housing** of the English regions. The West Midlands has a substantially higher per capita supply of extra care housing than any other region in England.

Wales summary

- **Conwy**, **Flintshire** and **Blaenau Gwent** have the **highest** relative supply of age-designated housing in Wales.
- **Ceredigion**, **Bridgend** and **Carmarthenshire** have the **lowest** relative supply of age-designated housing in Wales.
- **Conwy**, **Gwynedd** and the **Isle of Anglesey** have the **highest** relative supply of **extra care** housing.
- **Torfaen**, **Rhondda Cynon Taf** and **Powys** have the **lowest** relative supply of **extra care** housing.
- Conwy has a substantially higher per capita supply of extra care housing than any other local authority in Wales.

Scotland summary

- **Dundee**, **Aberdeen** and **Edinburgh** have the **highest** relative supply of age-designated housing in Scotland.
- **Midlothian**, **Clackmannanshire** and the **Orkney Islands** have the **lowest** relative supply of age-designated housing in Scotland.
- **West Lothian**, the **Orkney Islands** and **East Renfrewshire** have the **highest** relative supply of extra care housing.
- **Stirling**, **Highland**, **East Dunbartonshire** and **Eilean Siar** have no extra care housing provision.

1. Introduction

Mears Group has requested from the Housing Learning & Improvement Network (LIN)[1] an assessment of the likely future demand for extra care housing as a service type for older people.

The Housing LIN has undertaken a high-level review of the potential future demand for extra care housing. Mears requested that the following components were taken into account:

- The current market, policy and funding context in relation to specialist housing for older people, including extra care housing.
- The current supply of older people's housing and extra care housing in England, Scotland and Wales, identifying areas of relative under supply.
- Commissioner practice and intentions and the implications for extra care housing.

The Housing LIN was previously responsible for managing the Department of Health's £227 million Extra Care Housing Fund, the Housing LIN is the leading 'learning lab' for a network of 25,000+ housing, health and social care professionals in England. The Housing LIN both draws on the expertise within this network and is recognised and supported nationally and locally by key industry players, research and professional bodies.

[1] https://www.housinglin.org.uk/

2. Context: Specialist housing for older people

Policy context

There has been relatively limited UK Government policy in relation to supported and older people's housing over the last 10 years.

The demise of the Supporting People programme at local authority level in England, in earnest since 2010, was not really noticed by Government until the findings of the DWP/(former)DCLG Supported Accommodation Review[2] reported the scale scope and cost of the Great Britain supported housing sector in November 2016.

In relation to planning policy, in its response to the *Planning for the right homes in the right places* consultation,[3] the Government stated that they are preparing guidance for local authorities on how their local development documents should meet the housing needs of older and disabled people in accordance with the requirements of the Neighbourhood Planning Act. In practice there is no clear guidance for local authorities in relation to planning housing suited to an ageing population.

The role of housing, including for older people and vulnerable groups, as a determinant of health has been reflected in recent policy. The statutory guidance around the implementation of the Care Act 2014[4] asserts that:

Housing is therefore a crucial health-related service which is to be integrated with care and support and health services to promote the wellbeing of adults and carers and improve the quality of services offered.

Councils are required to have regard to ensuring sufficient capacity and capability to meet anticipated needs for all people in their area needing care and support – regardless of how they are funded with housing options at the centre.

The role of Homes & Communities Agency regulation is anticipated to be extended for Registered Providers (RPs) in relation to the Government's announcement in August regarding the continuation of Housing Benefit meeting the housing costs in supported and specialist housing. The details of this additional regulatory requirement on RPs is yet to be made clear.

There are also several capital funding streams for new older people's housing, including extra care housing. For example, the Department of Health & Care Services Care and Support Specialised

[2] https://www.gov.uk/government/publications/supported-accommodation-review
[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685293/Government_response_to_Planning_for_the_right_homes_in_the_right_places_consultation.pdf
[4] *Section 15.50,* Care and support statutory guidance.

Housing Fund, administered by Homes England. A fresh round of funding has recently been announced last summer[5].

Trends: Older people's housing

As highlighted in the recent MHCLG Select Committee report into housing for older people[6], *'Housing our Ageing Population: Panel for Innovation'* (or HAPPI[7]) has been an important 'unofficial' policy driver affecting the future of older people's housing and associated services. If housing for older people, including sheltered housing and extra care housing, is to reflect the needs and expectations of current and future older people in England the development and adoption of a more aspirational standard for all forms of housing for older people is necessary, reflecting the HAPPI principles. HAPPI focused on assessing how to improve the quality of life for older people; change perceptions around mainstream and specialist housing for this demographic; and raise aspirations for higher quality homes and spread awareness of the range of options available

Whilst not a design standard – such as those relating to Lifetime Homes[8] or wheelchair accessibility – as recognised by the Select Committee, HAPPI is increasingly recognised as an attractive design addition by those developing more lifestyle, aspirational orientated sheltered/retirement housing and extra care housing for rent and sale.

There is also a large volume of research and guidance produced about the value and role of older people's housing,[9][10] including sheltered and extra care housing.

A recent Memorandum of Understanding[11] between health and housing policy makers, trade and professional bodies seeks to maximise opportunities to embed the role of housing in joined up action on improving health and social care services. Alongside this greater partnership approach beginning to be adopted in health and social care economies, there is a growing interest amongst both housing association and private sector operators in developing housing and associated customer offers that are intended to attract 'downsizing', both from general needs social housing and by owner occupiers.

---

[5] ibid
[6] https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/370/370.pdf
[7] https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/
[8] http://www.lifetimehomes.org.uk/
[9] The social value of sheltered housing. Demos. 2017. Commissioned by Anchor, Hanover and Housing & Care 21
[10] The Value of Sheltered Housing. NHF. 2017.
[11] https://www.gov.uk/government/publications/improving-health-and-care-through-the-home-mou

3. Current supply and potential demand for specialist housing for older people

Scale and scope of the retirement housing sector

The retirement housing sector in the UK, which includes extra care housing, is starting to mature amid increasing recognition of the demographic trends that will underpin demand for specialist housing for older people. The sector is also becoming more defined between retirement housing (with less care on-site) and housing with care (with increased provision of communal facilities and on-site care). Although the market is becoming more established, it is still very modest in size, with room for large-scale growth.

Retirement housing (including extra care housing) accounts for only around 2.6% of homes across the UK[12]. The Elderly Accommodation Counsel (EAC) estimates that there are approximately 520,000 units of retirement housing (including some degree of support or care) in England. EAC estimates a substantial shortfall in housing and care provision by 2035 of nearly 400,000 units of purpose built housing for older people in England.

Demographic factors

The population of England is projected to grow by 4.1 million (7.5%) by mid-2024. The projected growth varies considerably by different age groups. The fastest-growing age group, people aged 65 and over, is projected to grow by 20.4% over 10 years and by nearly 60% over 25 years in England. This age group is projected to increase both in absolute and proportionate terms.

The proportion of people aged 65 and over is projected to rise to 20% or above of the total population in all but one region by 2024.[13] Not all geographic areas will be equally affected by an increase in the number of people aged 65 and over. The region with the largest percentage of this age group is projected to be the south west of England where the proportion is projected to grow from 21.1% to 23.8% (table 2). The south west is projected to account for nearly a third of all local authorities where more than a quarter of residents are aged 65 and over.

[12] http://www.knightfrank.co.uk/research/uk-retirement-housing-insight-series-2018-5420.aspx
[13] file:///C:/Users/housi/Downloads/How%20the%20population%20of%20England%20is%20projected%20to%20age.pdf

Table 1| 65+ population England by region.

	Proportion of age 65+ in 2014 (%)	Proportion of age 65+ in 2024 (%)
England	17.6	19.7
South West	21.1	23.8
North East	18.8	21.7
East Midlands	18.5	21.2
East	19	21.2
South East	18.6	21
North West	18	20.3
Yorkshire and The Humber	17.9	20.2
West Midlands	18	20
London	11.5	12.5

Source: Office for National Statistics

This ageing population is likely to experience increasing needs for care and support, including increasing prevalence of needs associated with dementia.

Provision of extra care housing/older people's housing

In relation to the provision of extra care housing, we have identified areas of Britain that are best served and least served with older people's age-designated housing and extra care housing. This is based on our knowledge of the provision of older people's housing and extra care housing across England, Wales and Scotland and data that we hold in relation to supply of these services.

England

Table 2 shows the total units of all age-designated housing and the number of units of extra care housing per 1000 older people in each English region. Units are shown per 1000 people over the age of 65 and per 1000 people over the age of 75. For over 65s:

- The North East and South West have the highest relative supply of age-designated housing
- **The East Midlands, East of England and Yorkshire & The Humber have the lowest relative supply of age-designated housing.**

The final column in table 2 shows the size of the percentage gap (identified in red) between the English regions for provision of extra care housing compared to the all England average (in terms of units of extra care housing per 1000 people aged 75+). :

- **The North East, East Midlands and Yorkshire & The Humber have the lowest relative supply of extra care housing and represent the areas with greatest potential development opportunity to address undersupply.**

- The West Midlands and South East are the only English regions that currently have extra care housing provision above the England average.

The West Midlands has a substantially higher per capita supply of extra care housing than any other region in England; this is most likely due to the concentration of providers of larger scale retirement villages including provision of extra care housing in the West Midlands.

Table 2| Units of age-designated housing (total and extra care housing) in the regions of England, shown per 1000 people 65+ and 75+. The regions are ranked from highest to lowest in each category.

Region	Total Units	Units per 1000 people 65+ (All age designated housing)	Units per 1000 people 65+ (ECH)	Units per 1000 people 75+ (All)	Units per 1000 people 75+ (ECH)	GAP in provision compared to England average (ECH)
North East	34,470	**(1)** 66.95	**(7)** 5.87	**(1)** 150.43	**(7)** 13.18	**-14%**
South West	80,783	**(2)** 66.71	**(3)** 6.61	**(2)** 146.61	**(4)** 14.53	**-5%**
North West	85,154	**(3)** 63.66	**(4)** 6.55	**(3)** 142.62	**(3)** 14.67	**-3%**
South East	110,384	**(4)** 63.59	**(2)** 7.22	**(4)** 138.44	**(2)** 15.72	**+0.5%**
London	63,463	**(5)** 61.07	**(5)** 6.3	**(6)** 133.46	**(5)** 13.76	**-9%**
West Midlands	65,270	**(6)** 60.67	**(1)** 10.43	**(8)** 133.07	**(1)** 22.87	**+52%**
Yorkshire & The Humber	59,999	**(7)** 59.84	**(8)** 5.47	**(5)** 133.83	**(8)** 12.23	**-23%**
East of England	70,590	**(8)** 58.72	**(6)** 6.04	**(9)** 128.86	**(6)** 13.25	**-13%**
East Midlands	53,106	**(9)** 58.27	**(9)** 4.47	**(7)** 133.23	**(9)** 10.22	**-47%**

Population figures from the Office of National Statistics (2017)

Wales

Table 3 shows the total units of age-designated housing and the number of units of extra care housing per 1000 older people in each Welsh local authority. Units are shown per 1000 people over the age of 65 and per 1000 people over the age of 75. For over 65s:

- Conwy, Flintshire and Blaenau Gwent have the highest relative supply of age-designated housing.
- **Ceredigion, Bridgend and Carmarthenshire have the lowest relative supply of age-designated housing.**

The local authorities with the highest per capita supply of age-designated housing do not necessarily have the highest per capita supply of housing with care and extra care housing:

- Conwy, Gwynedd and the Isle of Anglesey have the highest relative supply of extra care housing.
- **Torfaen, Rhondda Cynon Taf and Powys have the lowest relative supply of extra care housing.**

Conwy has a substantially higher per capita supply of extra care housing and housing with care than any other local authority in Wales.

Table 3| Units of age-designated housing (total and extra care housing) in the local authorities of Wales, shown per 1000 people over the age of 65 and over the age of 75. The authorities are ranked from highest to lowest in each category.

Local Authority	Total Units	Units per 1000 people 65+ (All age designated housing)	Units per 1000 people 65+ (ECH)	Units per 1000 people 75+ (All)	Units per 1000 people 75+ (ECH)
Conwy	2,638	**(1)** 83.11	**(1)** 11.44	**(2)** 173.21	**(1)** 23.83
Flintshire	2,541	**(2)** 78.93	**(8)** 5.22	**(1)** 186.78	**(7)** 12.35
Blaenau Gwent	958	**(3)** 68.98	**(6)** 6.12	**(6)** 135.46	**(8)** 12.02
Swansea	3,099	**(4)** 65.17	**(9)** 4.67	**(4)** 141.15	**(9)** 10.11
Torfaen	1,207	**(5)** 64.51	**(20)** 1.87	**(3)** 144.74	**(20)** 4.2
Powys	2,203	**(6)** 62.67	**(22)** 1.14	**(5)** 139.97	**(22)** 2.54
Cardiff	2,,834	**(7)** 55.72	**(10)** 4.42	**(8)** 120.29	**(11)** 9.55
Denbighshire	1,218	**(8)** 53.73	**(5)** 6.13	**(7)** 123.78	**(4)** 14.13
Monmouthshire	1,183	**(9)** 51.44	**(19)** 2.48	**(9)** 114.28	**(19)** 5.51
Newport	1,283	**(10)** 49.04	**(4)** 6.15	**(12)** 107.16	**(5)** 13.45
Isle of Anglesey	872	**(11)** 48.96	**(3)** 6.57	**(11)** 111.25	**(3)** 14.93
Caerphilly	1,655	**(12)** 48.02	**(14)** 3.71	**(10)** 113.23	**(14)** 8.76
Merthyr Tydfil	489	**(13)** 44.02	**(7)** 5.4	**(13)** 101.66	**(6)** 12.47
Gwynedd	1,191	**(14)** 42.58	**(2)** 8.33	**(14)** 93.04	**(2)** 18.2
Wrexham	1,019	**(15)** 38.48	**(11)** 4.31	**(15)** 88.61	**(10)** 9.91
Pembrokeshire	1,179	**(16)** 37.39	**(12)** 4.06	**(17)** 83.14	**(13)** 9.03
Neath Port Talbot	1,060	**(17)** 36.35	**(13)** 3.94	**(16)** 83.39	**(12)** 9.05
Rhondda Cynon Taf	1,607	**(18)** 35.41	**(21)** 1.32	**(18)** 82.21	**(21)** 3.07
The Vale of Glamorgan	865	**(19)** 31.96	**(16)** 3.1	**(19)** 71.92	**(16)** 6.98

Local Authority	Total Units	Units per 1000 people 65+ (All age designated housing)	Units per 1000 people 65+ (ECH)	Units per 1000 people 75+ (All)	Units per 1000 people 75+ (ECH)
Ceredigion	522	**(20)** 29.07	**(18)** 2.67	**(20)** 65.23	**(18)** 6
Bridgend	819	**(21)** 28.3	**(17)** 2.9	**(21)** 64.28	**(17)** 6.59
Carmarthenshire	1,155	**(22)** 26.57	**(15)** 3.47	**(22)** 60.01	**(15)** 7.85

Population figures from Stats Wales (2017).

Scotland

Table 4 shows the total units of age-designated housing and the number of units of extra care housing per 1000 older people in each Scottish local authority. Units are shown per 1000 people over the age of 65 and per 1000 people over the age of 75. For over 65s:

- Dundee, Aberdeen and Edinburgh have the highest relative supply of age-designated housing.
- **Midlothian, Clackmannanshire and the Orkney Islands have the lowest relative supply of age-designated housing.**

The local authorities with the highest per capita supply of age-designated housing do not necessarily have the highest per capita supply of extra care housing:

- West Lothian, the Orkney Islands and East Renfrewshire have the highest relative supply of extra care housing (Midlothian moves up the table when considering over 75s).
- **Stirling, Highland, East Dunbartonshire and Eilean Siar have no extra care housing provision.**

West Lothian has a substantially higher per capita supply of extra care housing than any other local authority in Scotland.

Table 4| Units of age-designated housing (total and extra care housing) in the local authorities of Scotland, shown out per 1000 people over the age of 65 and over the age of 75. The authorities are ranked from highest to lowest in each category.

Local Authority	Total Units	Units per 1000 people 65+ (All age designated housing)	Units per 1000 people 65+ (ECH)	Units per 1000 people 75+ (All)	Units per 1000 people 75+ (ECH)
Dundee City	4,463	**(1)** 172.04	**(14)** 4.28	**(1)** 362.29	**(15)** 9.01
Aberdeen City	3,374	**(2)** 95.6	**(4)** 6.91	**(2)** 208.14	**(5)** 15.05
City of Edinburgh	5,732	**(3)** 74.38	**(6)** 6.44	**(4)** 160.18	**(6)** 13.86
Angus	1,865	**(4)** 69.58	**(19)** 2.57	**(5)** 156.03	**(19)** 5.77

Shetland Islands	306	**(5)** 68.27	**(8)** 5.58	**(3)** 162.33	**(8)** 13.26
Scottish Borders	1,,829	**(6)** 66.03	**(16)** 2.89	**(6)** 152.62	**(16)** 6.68
Aberdeenshire	2,782	**(7)** 57	**(10)** 5.33	**(7)** 136.09	**(9)** 12.72
East Renfrewshire	982	**(8)** 52.53	**(3)** 7.81	**(8)** 109.92	**(4)** 16.34
Stirling	832	**(9)** 46.91	**(29-)** 0	**(11)** 104.4	**(29-)** 0
City of Glasgow	3,929	**(10)** 46.79	**(11)** 5.05	**(14)** 101.67	**(12)** 10.97
South Lanarkshire	2,807	**(11)** 46.58	**(21)** 1.96	**(10)** 106.13	**(21)** 4.46
South Ayrshire	1,293	**(12)** 46.54	**(20)** 2.56	**(12)** 103.57	**(20)** 5.69
West Dunbartonshire	759	**(13)** 46.48	**(15)** 3.98	**(9)** 107.42	**(14)** 9.2
Perth & Kinross	1,496	**(14)** 43.34	**(9)** 5.56	**(17)** 93.95	**(10)** 12.06
Inverclyde	688	**(15)** 42.25	**(13)** 4.36	**(16)** 94.34	**(13)** 9.74
West Lothian	1,226	**(16)** 41.96	**(1)** 8.97	**(13)** 102.33	**(1)** 21.87
East Lothian	851	**(17)** 40.8	**(24)** 1.25	**(19)** 91.19	**(25)** 2.79
Renfrewshire	1,330	**(18)** 40.37	**(18)** 2.67	**(20)** 90.56	**(18)** 5.99
Moray	807	**(19)** 40.24	**(22)** 1.6	**(21)** 90.34	**(22)** 3.58
East Ayrshire	967	**(20)** 39.98	**(7)** 5.62	**(15)** 94.42	**(7)** 13.28
North Lanarkshire	2,236	**(21)** 39.05	**(25)** 1.22	**(18)** 92.35	**(24)** 2.89
Fife	2,769	**(22)** 37.12	**(23)** 1.51	**(22)** 86.29	**(23)** 3.52
Argyll & Bute	805	**(23)** 36.86	**(27)** 0.55	**(23)** 85.03	**(27)** 1.27
Dumfries & Galloway	1,317	**(24)** 35.21	**(28)** 0.35	**(25)** 78.65	**(28)** 0.78
Highland	1,780	**(25)** 34.88	**(29-)** 0	**(24)** 80.98	**(29-)** 0
East Dunbartonshire	819	**(26)** 34.56	**(29-)** 0	**(31)** 73.07	**(29-)** 0
Eilean Siar	233	**(27)** 34.49	**(29-)** 0	**(29)** 75.4	**(29-)** 0
Falkirk	981	**(28)** 33.22	**(17)** 2.74	**(26)** 77.22	**(17)** 6.38
North Ayrshire	979	**(29)** 32.94	**(26)** 0.84	**(27)** 76.61	**(26)** 1.96
Midlothian	519	**(30)** 31.1	**(5)** 6.77	**(30)** 75.29	**(3)** 16.39
Clackmannanshire	306	**(31)** 30.45	**(12)** 4.58	**(28)** 75.86	**(11)** 11.4
Orkney Islands	78	**(32)** 15.38	**(2)** 8.08	**(32)** 34.76	**(2)** 18.27

Population figures from National Records of Scotland (2017).

4. Commissioner practice and intentions: implications for extra care housing

Extra care housing is no longer 'new'; it has been commissioned by local authorities since the early 2000s driven at the time by the programmes, support and capital funding from the Department of Health.

The Housing LIN is aware of (and has directly supported) a large number of local authorities that have taken strategic commissioning approaches to developing extra care housing for some time. The drivers for these authorities have included:

- reducing demand for social care and, more specifically, to reduce adult social care spending, with extra care housing being seen as a direct lower cost alternative to both residential care and use of intensive packages of domiciliary care for older people living in mainstream housing;
- to widen housing choices for older people and people with long term conditions e.g. dementia;
- to promote development of long term housing capacity for older people aimed at the self-funder market i.e. to facilitate market retirement housing expansion to enable older people to 'right size' and better manage their own housing and care/support requirements as they age.

Over the last 15 years the vision, scale and commissioning of extra care housing and other types of retirement housing has varied significantly between local authorities. A number of larger authorities in particular have had and continue to have substantial extra care and retirement housing delivery programmes through a mix of encouraging and supporting private sector growth and direct commissioning and enabling of housing association and voluntary sector development. Examples of this approach are North Yorkshire and Oxfordshire. Hampshire, Warwickshire, Worcestershire, Kent and East Sussex are authorities that have had significant extra care housing commissioning programmes.

Based on the Housing LIN's work with and knowledge of practice by local authorities, including from the recent LGA report, *Housing our ageing population*[14] authored by the Housing LIN in relation to councils' approaches to housing an ageing population, the following trends are apparent.

As the demand for care rises and local authorities' budgets are frozen or reduced (despite locally applied care levies), there is an increasing variation between local authorities in their approaches to commissioning and funding older people's housing services. Typically, this is being restricted to extra care housing only (predominantly for rent) where individuals who are assessed as eligible for adult

[14] https://www.local.gov.uk/housing-our-ageing-population

social care funding are being accommodated. This in turn has the risk of affecting the balance of care within extra care housing and can result in schemes being regarded as only applicable to older people who would otherwise enter residential care.

In relation to extra care housing, fewer authorities are willing to provide revenue contracts to fund 'core' care costs (e.g. for overnight staffing) and are relying on housing associations levying 'wellbeing' charges to fund this aspect of the service with often an expectation that residents will apply for and use Attendance Allowance to fund these costs, or self-fund. Consequently, extra care housing can be less of an attractive option to many housing associations; however this does mean that housing associations are less reliant on local authorities for funding the 'core' components of extra care housing.

However, where local authorities do publish documents such as 'market position statements', a minority (but an increasing minority) are taking a 'whole population' approach to support and facilitate both retirement housing in the social and market sectors, support for new 'downsizer' housing and the use of planning policy to deliver a wider range of housing offers for older people. Recent research for the LGA[15] does show that there are some authorities that are seeking to take a far more strategic approach to creating the conditions to plan for, invest in and develop more housing for an ageing population.

A relatively small number of authorities and NHS Clinical Commissioning Groups (CCGs) are also working directly with HAs to develop wider 'health and housing' services that build from but go beyond a housing offer to deliver practical support; for example, to reduce and avoid delayed transfers of care from acute hospital settings. NHS England, who oversee the work of CCGs in England are seeking to build on this work with housing associations.

[15] https://www.local.gov.uk/housing-our-ageing-population