

Cabinet

11 May 2023

Learning Disability and Autism (LDA) Programme 'Building the Right Home' National Capital Grant Funding Proposal

Recommendations

That Cabinet:

- 1) Supports in principle the proposed use of a vacant Warwickshire County Council site, the Shortwoods site in the North of the County (North Warwickshire Borough area) for the establishment of six units of 'Building the Right Home' supported housing as part of the Transforming Care agenda, for people with autism or autism and learning disabilities, and:
- 2) Authorises the Strategic Director for People, in consultation with the Portfolio Holder for Adult Social Care & Health, to commence a procurement process for the appointment of a registered housing provider to develop a bid to NHS England (NHSE) on behalf of Warwickshire County Council and Coventry and Warwickshire Integrated Care Board to secure 'Building the Right Home' Capital Grant funding for the capital costs of this proposed development and to deliver the scheme.
- 3) Subject to the required capital funding for the scheme being secured:
 - a) authorises the Strategic Director for People to enter into all relevant contracts for the design, build and management of the scheme on terms and conditions acceptable to the Strategic Director for Resources;
 - b) authorises the Strategic Director for Resources to enter into all property related agreements that he considers necessary on terms and conditions acceptable to him, including authority if necessary to grant a 125-year lease at an undervalue (subject to compliance with s.123 of the Local Government Act 1972) to a Registered Provider of Social Housing and a legal charge over the land to NHSE;
 - c) authorises the Strategic Director for People, in consultation with the Portfolio Holder for Adult Social Care & Health, to procure and commission care services and take such other steps as he considers necessary to bring the scheme into operation as supported housing.

1. Executive Summary

- 1.1 Cabinet approval is required to progress with a 'Building the Right Home'¹ National Capital Grant funding proposal at the value of circa £3 million for the development of a specialist supported housing scheme to accommodate people with autism or autism and learning disabilities who require specifically adapted and single occupancy accommodation with care support. These individuals would be living in the community and be at risk of admission to a mental health hospital, or those currently in institutional care, to facilitate step down into suitable community-based housing with support provision.
- 1.2 The proposed development would consist of up to six permanent occupation, self-contained homes with front and rear gardens, and include a separate staff base and parking.
- 1.3 The scheme would be aimed at autistic adults, adults with a Learning Disability, or both, with nominations prioritised to Warwickshire County Council and Coventry and Warwickshire Integrated Care Board for Warwickshire residents.
- 1.4 The Shortwoods site in Dordon, North Warwickshire, has been identified for the proposed development, which is owned by Warwickshire County Council (previous use as an adult learning centre). An initial high level feasibility assessment confirmed suitability of the site for the proposed development and sufficient space to fit the proposed number of units.
- 1.5 The proposal is to launch an invitation to tender to identify a Registered Provider of Social Housing (RP) who will bid for and act as a recipient of the NHSE Grant funding. The RP would design, build and manage the required housing development. Warwickshire County Council would grant a 125 year lease to the RP on terms to be developed, which are likely to include an initial rent-free period. A separate provider of care services at the scheme would need to be procured by the Council, in partnership with the Coventry and Warwickshire Integrated Care Board (ICB).
- 1.6 A completed project initiation document (PID) is required to be submitted to NHSE in financial year 2023/24 in order for the funds to be released in 2024/25, subject to NHSE approval of the PID. It is estimated that the project will be a 3-year delivery programme as per key project milestones provided in Table 1, and subsequent building works. The successful RP will be required to provide a more robust delivery plan following appointment.
- 1.7 The Integrated Commissioning Team will be leading on this project on behalf of Warwickshire County Council and Coventry and Warwickshire Integrated Care Board (ICB), to facilitate its delivery within the Transforming Care programme, known locally as the Coventry and Warwickshire Learning

¹ [Building the right home, new housing guidance](#) from the [Transforming Care Programme](#), supports NHS and local authority commissioners to work with housing providers to expand the housing options available for people with a learning disability, autism or both, who display behaviour that challenges.

Disability and Autism Programme (LDA Programme) in Warwickshire in accordance with the 'Building the Right Support' statutory guidance.

- 1.8 The scheme would be designed in accordance with the national guidance for people with complex needs.

2. Financial and Legal Implications

- 2.1 WCC on behalf of the Coventry and Warwickshire Integrated Care System (ICS) submitted an Expression of Interest to NHSE for £3.7m capital grant in December 2021 for this project. This was partially successful, with £3.0m notionally allocated.
- 2.2 The next stage is for the Project Initiation Document (PID) to be submitted to NHSE by the appointed Registered Provider in order to secure funding. The precise value of the funding allocated by NHSE will depend on the costs appraisal developed by the appointed RP.
- 2.3 The grant funding will not be received by either the ICB or WCC but will be transferred directly to the registered housing provider on behalf of the Coventry and Warwickshire ICS. The RP will be required to deliver the project with full responsibility for the capital costs of delivery and the expenditure of the grant monies in accordance with NHSE grant conditions.
- 2.4 The proposal is for WCC to contribute the land on a 125 year lease. The rental value will be determined through the procurement process undertaken to appoint the registered provider. However, it is envisaged that this will involve a rent-free period during the development phase and potentially beyond. NHSE will take a first legal charge over the building (and therefore the Council's land) due to the majority of investment being provided by NHSE. The proposed terms of this will need to be reviewed as part of the viability appraisal of the scheme.
- 2.5 The scheme will benefit the wider health and social care system although from a WCC perspective revenue costs will increase where Warwickshire residents benefit from this scheme and are accommodated within the units. However, WCC would be responsible for these increased care costs regardless of where support was provided.
- 2.6 A process is underway to refine capital costs without commitment or financial risk to WCC. Due to the time lapse between this report being submitted and the actual scheme building works starting, it is likely that a bid will be made to NHSE for funding of a higher value than the costings estimated for the purpose of this report and the NHSE funding provisionally allocated. Should there be a residual funding gap a subsequent bid may be submitted to NHSE for additional capital grant monies or a capital investment fund bid may be submitted internally to the County Council's capital investment fund (in which case a further report will need to be submitted to Cabinet for approval). No contractual agreements (other than Heads of Terms) and no commitments will

be entered into by the Council until the capital funding requirements for the scheme are known and the required funding is secured.

- 2.7 The appointed registered housing provider will be expected to also apply for other grants and use its own capital to maximise scheme viability.
- 2.8 Ongoing revenue costs (i.e. placements costs of adults in the units) will be covered by the Coventry and Warwickshire ICB and WCC service budgets as appropriate and agreed in line with assessed needs.
- 2.9 Project costs are £0.1m with £0.023m incurred in 2022/23, £0.052 expected to be incurred in 2023/24 and negligible post 2023/24 project costs. The project costs will be sourced from within existing service budgets.
- 2.10 Following the procurement process it is envisaged that a development agreement and agreement for lease will be entered into with the successful provider. This will enable the successful registered provider to access the site and complete the works to deliver the scheme, with comfort that a 125 year lease and the care provision contracts will be commissioned once the scheme has been built.
- 2.11 Two potential individuals (Warwickshire residents) have been identified to date for the 6 units of accommodation. This is set against a requirement to provide independent living for people with Learning Disability and Autism who are supported through the Transforming Care Programme.
- 2.12 In terms of the value of the land, an alternative use of the site could see development of a number of generic housing units, based on 14, 3-bedroom semi-detached houses each with a net sales area of 870 sq., increasing land value by circa 200%, or £300,000 (post build for the 14 plots,) compared with post build land value for the project, i.e. 6 semi detached bungalows being proposed (i.e. £90,000 for the 6 plots).
- 2.13 In summary, there are a number of financial uncertainties and risks associated with the project (as detailed above) for which future work will assign a value. Although there are proposals for managing the risks, there are no formal agreements with partners and/or other funding bodies in place. It is therefore imperative that robust agreements between partners are in place at the appropriate stages to ensure that the risks are mitigated and there is clear ownership of risks.
- 2.14 In terms of legal risks, a rent-free period will be permissible to the extent that it relates to the recovery of the construction costs incurred by the developer tenant. However, once those costs have been re-couped then under the subsidy control rules (found in section 29 of the Subsidy Control Act 2022) governing “services of public economic interest”, such as this social housing project, the lease must either end or a market rent must be payable to the Council. This could create an issue relatively early on in the 125 year lease. However, if the Council undertakes a fully competitive process to appoint the

registered provider as developer, such that the arrangements can be considered 'market', then this subsidy control risk is reduced.

- 2.15 Based on the value of this site for this particular usage it is considered that the 125 year lease (being rent-free) would also be a disposal at an undervalue for the purposes of section 123 of the Local Government Act 1972. WCC will need to assess the amount of the undervalue. If the undervalue is less than £2 million a disposal for this purpose would be lawful, whereas if the undervalue is more than £2 million a disposal for this purpose will require the consent of the Secretary of State.
- 2.16 The implications of subsidy control and disposals at an undervalue will need to be considered, with legal advice, as the scheme progresses and in particular, as part of the tender process for the registered provider.

3. Environmental Implications

- 3.1 It is likely the development of sites/properties would have an environmental impact due to the use of natural and manufactured resources, as well as power for works and fuel for the builders and craftsmen's travel.
- 3.2 In addition, residents living on these sites, and the staff supporting them will use electricity and gas for heating and lighting, and residents will also produce waste.
- 3.3 Green approaches and recycling will be actively encouraged in the development and operation of the homes, and carbon efficiency of the properties and carbon efficiency of the properties will be sought in line with Warwickshire County Council's Council Plan Net Zero commitment.
- 3.4 The housing partner will be required to provide an options appraisal showing viability of both delivering homes to an EPC rating of 'A', and also to Net Zero carbon efficiency standards, with a requirement to meet an EPC of 'A' as a minimum.

4. Supporting Information

- 4.1 There is no new recurrent funding identified to deliver the Coventry and Warwickshire Learning Disability and Autism Programme activity, therefore, Integrated Care Systems should be considering any funding opportunities made available by NHSE in order to meet the needs of their local communities.
- 4.2 The LDA Programme has a long term plan target to reduce the number of people with a learning disability and/or autism who are in a mental health hospital setting. There have been challenges across Coventry and Warwickshire in achieving and sustaining the inpatient targets over the last 3 years.

- 4.3 Some of the admissions and delayed discharges are as a result of gaps in existing accommodation with support options suitable to meet the needs of individuals with autism or autism and learning disabilities with behaviours that can challenge.
- 4.4 Initial demand mapping demonstrated that there are a number of existing inpatients (Warwickshire residents) who would benefit from residing in this type of accommodation with support.
- 4.5 Similar schemes have been developed for people with LDA across the county delivered under the Specialist Supported Housing portfolio, however, those were not funded through Capital Grants and as such, there is no additional contractual arrangement between Warwickshire County Council and NHSE.
- 4.6 The proposal will support objectives set in the following:
- 2015, NHS England (NHSE), the Association of Directors of Adult Social Services (ADASS), and the Local Government Association (LGA) *Building the Right Support* national plan, refreshed in July 2022
 - 2016 NHSE, ADASS and the LGA *Building the Right Home*
 - 2017 CQC's *Registering the Right Support* and the updated 2020 document *Right Support, Right Care, Right Culture*
 - October 2020, CQC *Out of sight – who cares?:* Restraint, segregation and seclusion review report
- 4.7 In 2013 a recommendation was made to Cabinet that Warwickshire County Council officers considered the Shortwoods, Dordon site to present an opportunity for the development of 10 units suitable for Adults with Learning and/or Physical Disabilities.
- 4.8 Cabinet authorised the development of the site for Specialised Housing with Care via a tender exercise, and the award of any subsequent contracts, including nomination rights and any care contracts on a spot purchase basis. Site disposal was approved as a long-term lease at a peppercorn rent, and planning consent to develop the site was secured in June 2015. However, the development did not proceed for reasons unconnected with the suitability of the site. Planning permission has now lapsed, there are no outstanding contractual obligations and the site has subsequently remained vacant. Due to there being a new proposal for the utilisation of this vacant site, it is being brought for the Cabinet consideration anew. A new planning application would also need to be made due to the change in the scope of the proposed scheme, and the length of time which has elapsed since the previous planning permission was granted.
- 4.9 The NHSE Capital Grant will cover the majority of the building works and professionals' fees associated with the built project (remainder to be funded by Homes England Grant and the RP's own funds), but it cannot be used to fund non capital costs (e.g. revenue costs such as legal advice), pre-PID project costs, including pre-PID capital spend (e.g. feasibility work) which will be funded from existing service budgets. Ongoing repairs or post build

building adaptations also cannot be funded from the NHSE Capital Grant. The cost of future adaptations, if required, could be covered through Disabled Facilities Grant through existing application processes, or as part of an individual's budget allocation by their responsible commissioner, and repairs from monthly service charges paid as part of each resident's package of care or via rent/housing benefit where residents have their own tenancies.

5. Timescales associated with the decision and next steps

5.1 The key milestones and dates for completion to enable the development and implementation of the scheme are as follows:

Table 1. Key project Milestones

Milestone:	Indicative dates for completion:
Develop a programme plan detailing key timelines linked to design plans, tender process, planning permissions, start on site, build phase(s), completion, risk and lessons learnt log etc.	Completed
Warwickshire County Council Cabinet decision	11 th May 2023
Engagement with the local community and GP practice to inform them of the planned development, timescales and residents' make-up	Following on from the Cabinet decision
Tender for a housing delivery partner for this development (to cover a structure of agreement for lease, scheme management arrangements, development agreement and lease)	Post Cabinet decision, Qtr 1/2 2023/24
Appoint care provider for the scheme through an open procurement process	Post Cabinet decision, Qtr 1/2 2023/24
Provide written agreement to the acceptance of a Capital Grant Agreement (CGA) from legal team if within a local authority or part of a charity or registered housing provider organisation	To be agreed dependant on the heads of terms
Provide a high-level estimate of the capital needed, timescales for delivery that align with spending in-year or across two years, and a description of the service offer, size, who it is for and how it will deliver benefits.	To be completed post RP procurement
Prepare estimated costs , provide breakdown of detail to cover professional fees, site preparation, internals and externals	To be completed post RP procurement
Engage with Experts by Experience to coproduce the proposed service model and agree on outcomes	Post Cabinet decision, Qtr 1 2023/24
Develop the proposal (PID) in partnership/agreement, e.g. with a registered housing provider, provider charity, ICB/ICS or local authority.	Qtr 2 and 3 2023/24, to be completed post RP procurement
Consider CQC registration for the scheme's appointed care provider <u>before</u> PID approval.	Following on from the care provider appointment
Develop and agree referral nomination process	Post Cabinet decision, Qtr 2 2023/24
Planning Permission submission	Qtr 3 2024/25

Milestone:	Indicative dates for completion:
Ecology Appraisal & Bat Survey	May - November 2023 or May – November 2024
Final Governance – Capital Grant Agreement, Project Initiation Document (PID) - to be signed by the relevant ICB/ICS, local authority, recipient organisation and regional director of finance for the ICS area, as well as local learning disability and autism partnership board(s)	Qtr 4 2023/24
PID submission	Qtr 1 2024/25
Building commences including existing building demolition	Qtr 4 2024/25
Build finish	Qtr 2 2026/27

Appendix

None

Background Papers

None

	Name	Contact Information
Report Author	Ewa Niepsuj, Integrated Transformation Lead, Learning Disabilities and Autism	ewaniepsuj@warwickshire.gov.uk
Assistant Director	Becky Hale, Chief Commissioning Officer (Health and Care)	beckyhale@warwickshire.gov.uk
Strategic Director	Nigel Minns, Strategic Director for People	nigelminns@warwickshire.gov.uk
Portfolio Holder	Margaret Bell, Portfolio Holder for Adult Social Care & Health Peter Butlin Portfolio Holder for Finance and Property	margaretbell@warwickshire.gov.uk cllrbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): Andrew Wright (Baddesley and Dordon)

Other members: Councillors Clare Golby, John Holland, Tracey Drew, and Kate Rolfe