



Care Services Improvement Partnership **CSIP**

**Housing Learning and  
Improvement  
Network**

# Shared Equity: Using the Private Finance Initiative to Boost Extra Care Housing

June 2008



## About the Housing Learning and Improvement Network

The Housing LIN brings together groups of senior staff within local authorities, primary care trusts, registered social landlords, the private sector and others interested in forging closer partnerships in delivering housing with care solutions for older people and vulnerable people.

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## Care Services Improvement Partnership

The Care Services Improvement Partnership (CSIP) was launched on 1 April 2005 after a formal public consultation. Our main goal is to support positive changes in services and the well-being of:

- People with mental health problems
  - People with learning disabilities
  - People with physical disabilities
  - Older people with health and care needs
  - Children and families and
  - People with health and social care needs in the criminal justice system.
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## About 4ps

4ps is local government's partnership project delivery specialist. 4ps is part of the Local Government Association group and works in partnership with all local authorities to secure funding and accelerate the development, procurement and implementation of PFI schemes, public private partnerships, complex projects and programmes. 4ps's multi-disciplinary team provides hands-on project support, gateway reviews, skills development and best practice know-how.

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**Cover:** Architect's drawing of PFI scheme in Crewe, Cheshire. Avantage (Cheshire) Ltd – a consortium of Gleeson Capital Solutions, Harvest Housing Group and Nationwide Building Society.

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# 1 Introduction

The Government has recently set out its vision for housing within an ageing society and in particular for specialist forms of housing<sup>1</sup>: “We want the specialised homes of the future to be desirable homes at the heart of strong communities, a place where older people aspire to live.” They describe providing a choice of options: “For some this will mean housing collectives with shared space, for others retirement communities, for others extra care homes in lifetime neighbourhoods.”

The Housing Green Paper<sup>2</sup> set out plans for three million new homes by 2020 including:

- More homes – backed by more ambitious building targets, increased investment, and new ways of identifying and using land for development
- More social housing – ensuring that a decent home at an affordable price is for the many, not the few
- Building homes more quickly – by unblocking the planning system and releasing land for development
- More affordable homes – by increasing the options for low cost home ownership and more long term and affordable mortgage products and
- Greener homes – with high environmental standards and flagship developments leading the way.

In addition, social housing landlords are expected to bring their housing to *Decent Homes* standard by 2010 as part of the drive to improve the living conditions of social tenants across the country.

These housing policy drivers are set against a background of health and social care shifting towards prevention and health promotion, towards enabling independence and personalisation and providing services within the community and closer to home. Perhaps most importantly, the move will be one from “a system where people have to take what is offered, to one where people have greater control over identifying the type of support or help they want, and more choice about – and influence over – the services on offer”.<sup>3</sup>

This case study explores one approach to procuring specialist forms of housing for older people and vulnerable adults, Extra Care Housing (ECH), through the Private Finance Initiative (PFI). Typically this approach enables a local authority to achieve a number of new or remodelled developments within one contract, with the potential for efficiency savings and a consistent approach to quality of design and services through a long-term partnership with one provider. It also transfers elements of risk that can better be dealt with by the private sector. Often these developments are set within the context of the wider regeneration of a particular area, and will aim to provide services for local communities as well as for the tenants themselves. Homes within these ECH schemes can be for rent or sale, and there will be different approaches to commissioning care and support services for them.

This case study provides an overview of PFI as a form of procurement; it explores what ECH is and how it can be procured through PFI. It then considers three individual PFI ECH projects in more detail and identifies the key lessons to be learnt from them by authorities considering this method of procurement.

1 *Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society*, 2008, Department for Communities and Local Government, Department of Health, Department for Work and Pensions

2 *Homes for the future: more affordable, more sustainable-Housing Green Paper*, 2007, Communities and Local Government

3 *Our Health, our care, our say*, 2006, Department of Health

# 2 PFI and Extra Care Housing

## Background

The Private Finance Initiative (PFI) is a form of public-private partnership (PPP) in which local authorities can develop new or improved capital assets (usually buildings). Unlike traditional procurement the public sector does not buy the assets, but rather pays for their use, together with associated services (for example, security, cleaning, etc) through a fixed “unitary charge”. Capital investment in the assets is made by the private sector which recovers its costs over a long contract period (usually 25 years or more).

The housing PFI is intended to be an alternative to direct procurement, stock transfer or social housing grant for providing investment in social housing, and can be used to provide or improve stock both inside and outside of the authority’s Housing Revenue Account (defined as HRA and non-HRA PFI). Authorities bid to join the PFI programme and in order to qualify for government funding in the form of PFI credits, must meet certain criteria.

The earliest HRA PFI projects were exclusively concerned with the refurbishment of existing local authority owned dwellings although a 2003 regulatory change permitted new local authority housing to be included within the scope of HRA PFI projects. In HRA PFI projects, the local authority remains the landlord, but does not provide housing management services for the life of the contract. Later projects also looked at demolition and re-provision as the means of meeting Government decent homes targets and decent communities aspirations. The PFI unitary charge in this type of project falls against the local authority’s housing revenue account.

Non-HRA PFI projects deliver an additional supply of affordable rented social housing. The

current model for this type of project assumes that new dwellings (new build or acquisition and refurbishment) are provided by a consortium including an affordable housing provider as landlord body (often an RSL as a single entity bidder). The provider owns the dwellings provided throughout the PFI contract (and after the contract ends) so tenants are tenants of the providers rather than of the local authority. Rental income accrues to the consortium and the PFI unitary charge in this type of project is funded from the local authority’s general fund.

## PFI Funding

Grant support for local authority PFI is available from Central Government. The promise of support is given in the form of a letter, issued after HM Treasury endorsement of the PFI credits, which sets out a level of 'PFI credits' issued for that project. PFI credits are a measure of the private sector investment which will be supported and act as a promise that PFI grant can be claimed once the project is operational.

Each project needs the support of a sponsoring department, and each of these will have an allocation of credits for its own programme. The two key departments for extra care housing are Communities and Local Government (CLG), and the Department of Health, and in some cases these will jointly sponsor projects.

The Department of Health has a PFI programme for adult social care projects which aims “to target projects that develop services for the inclusion of client groups in mainstream life”<sup>4</sup>. The four criteria for this programme are social inclusion, joint planning or joint working, innovation and long term flexibility.

<sup>4</sup> DH PSS PFI Criteria for bids approval

The main objectives sought from CLG sponsored projects are to improve the condition of existing local authority stock and estates, to add to the affordable housing supply totals, and “to provide an affordable and effective way for the public sector to deliver investment in social housing, providing satisfactory outcomes in terms of significant and sustainable improvements in housing conditions, high quality housing services, and giving tenants the opportunity to participate in setting and monitoring performance standards.”<sup>5</sup>

## Key processes within PFI procurement

The PFI procurement process contains clear stages both in terms of obtaining government approval for funding (PFI credits) and tendering the contract. These are set out in the 4ps’ “Map of the PFI process using competitive dialogue” and can be summarised broadly as follows:

- i) An expression of interest to the sponsoring government department covering why PFI is being considered, what the project is expected to achieve, and an initial option appraisal considering alternative ways of achieving the desired outcomes. This will also include the completion of a financial model designed to assess investment options and value for money and an indication of the level of PFI revenue credits required.
- ii) Soft market testing to assess the market interest in the tender, and key issues for potential bidders
- iii) Production of an Outline Business Case (OBC) which sets out how the project meets a range of requirements – including the government’s strategic objectives for PFI, the authority’s own strategies and objectives, local demand, a fully developed option appraisal including a value for money assessment of the chosen option and procurement approach, project delivery arrangements, the procurement timetable and issues relating to the sites to be used.
- iv) The OBC is submitted to CLG, receives support, is evaluated by Partnerships UK, whose report is sent for approval to HM Treasury’s Project Review Group (PRG) summarising why PFI is being considered, what the project is expected to achieve, and a detailed option appraisal considering alternative ways of achieving the desired outcomes. This will include the completion of a financial model designed to assess investment options and value for money. Subject to PRG approval, the project then proceeds into procurement
- v) Publication of a notice in the Official Journal of the European Union (OJEU) inviting interested parties to bid for the scheme if the procurement route is PFI. (If the procurement route is via an established NHS LIFT Company, then there is a separate process).
- vi) Completion of Pre-Qualification Questionnaires (PQQ) by interested bidders and initial shortlisting.
- vii) Invitation to participate in competitive dialogue and an Invitation to Submit Outline Solutions (ISOS).
- viii) Issuing of an Invitation to Submit Detailed Solutions (ISDS) to shortlisted bidders (prior to 2006 this would have been the stage when the Invitation to Negotiate (ITN) was issued). Usually three bidders are shortlisted at this stage.
- ix) Evaluation, clarification and dialogue with bidders, prior to closing Competitive Dialogue and a Call for Final Tenders.
- x) Selection of the Preferred Bidder.
- xi) Completion of a Final Business Case for members and for the sponsoring government department approval.

<sup>5</sup> *Housing PFI Procurement Pack, 2004, 4ps*

xii) Financial close when the Bank loan commitments take effect and the interest rate and unitary charge are fixed.

Guidance and standard documentation (including HM Treasury's standard contract and guidance "*Standardisation of PFI Contracts version 4*" (SoPC4)) are provided in Procurement Packs published by the 4ps. These packs aim to make the process more efficient and to reduce transaction costs for both authorities and providers.<sup>6</sup> A social care-specific version of SOPC4, approved by HM Treasury, is available in the social care Pack.

## Elements of a successful PFI project

A "good" PFI deal has been described as one that can "achieve a transfer from the public sector of risks that can be better dealt with by the private sector, whilst maintaining good value for money"<sup>7</sup>.

Initial findings from a CLG review of the cost of delivering new build social rented housing through non-HRA PFI and Social Housing Grant (SHG) indicate that while costs were generally significantly higher for PFI housing, "non-HRA PFI housing could be delivered at an acceptable cost compared to SHG housing."<sup>8</sup> This review looked at both general needs and supported/extra care housing projects, and in its final stage will consider the impact of operational, financing, risk and procurement costs.

PFI essentially involves a long-term contract that is performance-based in which failure to meet specified standards by the service providers can

be identified through performance monitoring and influenced through the payment mechanism. An operational project review of PFI in the adult social care sector by the 4ps in 2008 pointed to the Output Specification, Payment Mechanism and Project Agreement as the three key elements of a PFI scheme. A review of operational housing PFI projects carried out in 2006 identified the following amongst its key learning points:<sup>9</sup>

- Where PFI is to be used, the scheme should be of sufficient size and critical mass to ensure the investment delivers significant change, efficiency and value for money. Being part of a wider regeneration strategy is important.
- It is important to have a clear and unambiguous Output Specification (OS), with both parties understanding its cost and service implications. Both parties should also agree all detailed design and service delivery elements (including method statements) prior to contract close. It is important to consider the level of standards 'excellent'; 'very good' etc and degree of standards (Decent Homes, Eco Homes, Housing Corporation standards etc) to ensure they are robust, not overly-burdensome and achievable in the authority budget. Any significant changes to the OS at a later point can be expensive so they need some 'future' proofing.
- The key to a successful Payment Mechanism is the relationship and interdependence between the Output Specification and the Payment Mechanism. It is important, therefore, that these are developed in conjunction during procurement.
- Service providers will already have factored an element of deductions into their business

6 *Social Care Procurement Pack*, 2007, and *Housing PFI Procurement Pack*, 2004, 4ps

7 Communities and Local Government, *Private Finance Initiative (Housing) web-page* [www.communities.gov.uk/housing/decenthomes/deliveringdecenthomes/housingpfiprivate/](http://www.communities.gov.uk/housing/decenthomes/deliveringdecenthomes/housingpfiprivate/)

8 *Non-Housing Revenue Account Private Finance Initiative – cost of new build social rented housing*, 2008, Department for Communities and Local Government

9 *PFI/PPP Operational Project Review: Housing*, 2006, 4ps



plan, so minor deductions may not, in themselves, be an incentive to meet all required performance standards. Deductions, when due, should be made no matter how minor. It is a contractual obligation and should not affect partnership and working relationships. The payment mechanism needs robust calibration so payment deductions are meaningful, rather than ‘hair trigger’ and incentivise the SPV.

- To maintain positive working relationships between local authorities, tenants and service providers, regular ongoing communication is needed during procurement and into operation.
- All planning and statutory orders should be in place before contract close. Any variations to this position need to be robustly legally drafted, with cost and risk implications agreed. TUPE issues should not be ignored or overlooked even when only a few staff are subject to a transfer of employment.
- The local authority and its service provider need to work more closely to develop performance monitoring arrangements to ensure that all necessary information is being provided. This work on systems and protocols should be done prior to contract close.

## Extra Care Housing

Extra Care Housing can take a variety of forms and provide a range of services for both older people and vulnerable adults. These are explored further in the Housing LIN Extra Care Housing Toolkit.<sup>10</sup> However, the Department of Health sets out the following broad description:<sup>11</sup>

“Extra Care Housing describes a type of specialised housing that provides independence and choice to adults with varying care needs and enables them to remain in their own home. Extra Care Housing should be able to provide most residents, if they so desire, with a home for the remainder their life, regardless of changes in their care needs.

Services are provided in a purpose built, housing environment with care and support delivered to meet the individual resident’s needs. This type of housing provides 24-hour support, meals, domestic help, leisure and recreation facilities and a genuinely safe environment to its residents. It can provide a base for out of hours or outreach services to the local community. Intermediate care facilities, to prevent avoidable admission to hospital or to help people return from hospital to their own home more quickly, can also be based at Extra Care Housing schemes.”

The key issues to be addressed in planning for this form of housing and care have been described as:

- Providing real options for people in a range of personal and housing circumstances
- Using locations that provide access to a range of facilities and services
- Providing actual and perceived security in the scheme and its surrounding
- Recognising and providing for a diversity of lifestyle choices
- Providing a flexible offer of service that is built on positive presumptions about old age
- Offering the best available financial arrangements on entry and for the future.<sup>12</sup>

<sup>10</sup> *Extra Care Housing Toolkit, 2006*, Care Services Improvement Partnership

<sup>11</sup> [www.dh.gov.uk/en/SocialCare/Deliveringadultsocialcare/Housing/DH\\_083199](http://www.dh.gov.uk/en/SocialCare/Deliveringadultsocialcare/Housing/DH_083199)

<sup>12</sup> *More Choice, Greater Voice: A toolkit for producing a strategy for accommodation with care for older people*, 2008, Communities and Local Government and CSIP Housing LIN

## PFI and Extra Care Housing

Extra care housing schemes have traditionally been funded through Social Housing Grant via the Housing Corporation, and more recently through Department of Health funding. Alternative funding mechanisms are set out in the Housing LIN technical brief “Funding Extra Care Housing”.<sup>13</sup>

A growing number of authorities are using the PFI route, with six approved in previous bid rounds and a further three recently receiving approval in the latest round (see Appendix 1). This case study looks in more detail at projects in Cheshire, Oldham and Kent. All three of these projects were sponsored as housing projects. They are all now in their operational stages. Oldham was done as part of the HRA while Cheshire and Kent were non-HRA projects.

The case studies explore the processes they followed by PFI, and the lessons learned. Discussions have taken place both with the authorities and the providers to understand their views of these processes.

Each case study contains information in the following format:

- i) An overview of the project summarising key aspects of the project.
- ii) A description of the partners involved in the project, and the approach taken to partnership working.
- iii) Details of the project itself.
- iv) How the project was managed.
- v) Key contractual issues including the approach to developing the output specification, the payment mechanism and risk transfer.
- vi) The actual tendering process including the approach to shortlisting bidders.
- vii) Key funding, construction and operational details including tenure, eligibility criteria and the approach to the provision of care and support, and other services.

<sup>13</sup> Housing Learning & Improvement Network *Technical Brief No 2: Funding Extra Care Housing*, 2005, DH

# 3 Cheshire Extra Care Housing (non-HRA) Project

## Overview

Cheshire County Council wished to modernise its provision to respond to significant demographic pressures in the older people population, and increasing demand for extra care housing as an alternative to residential care. The programme also provided an opportunity to improve quality of life in some of the most deprived wards of the region. Cheshire planned to promote the development of 2,000 extra care housing units in the county by 2011 with this PFI project enabling a significant first step.

The project entailed the private sector provider designing, building, financing and operating approximately 400 extra care homes across the county, occupied on a mixed tenure basis. The provider is responsible for the maintenance of the buildings and soft and hard facilities management services. The provision of care services did not form part of the contract.

The 30 year contract was closed in October 2007 (OJEU/OJEC date May 2005), and attracted PFI credits to the value of £54.2 million. The authority committed to providing an annual contribution of up to £250,000 in addition to the up front development costs. The provider is AvantAge Consortium (Gleeson Capital Solutions, Manchester & District HA and Nationwide Building Society).

## Partnership

The PFI project is seen as a key element in a wider “whole system” approach to support and care for older people across Cheshire, with a shared vision across the county council, the primary care trusts, and the district to provide “care close to home” and in

particular extra care housing. There is all party support for the development of extra care housing in the county with a panel of councillors overseeing the project through a board of chief officers.

Working alongside the project team was a wider stakeholder group including representation from the PCT, housing providers, Age Concern, and Cheshire’s Older People’s Network. This group provided useful feedback and support for the project, as well as maintaining engagement for its members in the process.

## Project

The Outline Business Case summarised the project as follows:

- Design, Build, Finance and Operate 400 new ECH units
- Address real and demonstrable demand for Extra Care services across five districts in the County, creating a sustainable hierarchy of social care
- Effect local regeneration in each of the five identified locations, three of which are in some of the most deprived wards in the UK
- Provide facilities at each location that encourage community participation beyond those whose homes are in the scheme.

In Cheshire ECH is considered, in part, as an alternative to residential care. It is envisaged that ECH will consist of communities with mixed dependencies, with one third of places available as an alternative to long term placement, a further third with health and social care needs, and one third of more able older people. ECH will provide an environment which promotes active ageing and enables older people to

remain independent for as long as possible. Communal facilities include a health suite, multi-purpose activity rooms, including a craft area, a library with internet access, as well as a restaurant, lounge and coffee bar. A key feature of the scheme is that these facilities will be available to other local older people. This aims to ensure the benefits of “active ageing” are available to a wider population as part of a wider promotional and prevention strategy.

The PFI bid relates to five sites. All the potential sites are in urban locations, offering apartments built over a compact area, largely on brown-field sites, and with good public transport and access to services: the availability of sites was felt to be a critical factor in the success of the Council’s PFI bid. Consultants were engaged to do a thorough assessment of all five sites. The Project Team worked with planners to draft an amendment to the County Structure Plan to ensure that ECH was not caught in the planning moratoria for new build property. Sites were made available with outline planning permission.

It is intended that schemes will be characterised by innovative building design, with good space standards and the incorporation of technology for telecare, and will be required to meet the latest Scheme Development Standards. Consultation with local older people is a central theme in all developments. Schemes will be mixed tenure to enable choice and maximise demand.

## Project Management

Cheshire had already successfully brought in a Schools PFI Scheme and thus had developed invaluable expertise in this specialist area, as well as developing good working relationships with external advisors.

The ECH project team used the 4ps/ ODPM procurement pack, and took part in a number of 4ps training courses taking them through the PFI process. However, this was still a learning process, particularly in terms of negotiating with providers at the various procurement stages. A

key challenge was to bring the team of in-house and external people together: the team worked well together and this contributed to the success of the process.

The use of external advisors was critical, given their knowledge of the processes involved and the providers they might be working with. External advisors provided particular technical advice, including architects, quantity surveyors, finance and legal advice. The project manager was also an external appointment.

Although some savings were made as advisors were working on other projects within the authority, costs for external advisors and the in-house project team still amounted to about £1million, or about 1% of the total project cost of £120million. This scale of expenditure suggests that it would not be worth following the PFI procurement route for smaller projects.

## Contractual Issues

The template for the type of extra care housing provision needed in Cheshire was jointly developed at a stakeholder event in March 2004. Attendees included Housing Commissioners and Providers, the Primary Care Trusts, County Councillors, representatives from the Older People’s Network and Older People’s Services Managers.

As part of the output specification, Cheshire sought facilities which will incorporate flexibility to meet changing needs over the contract period. The contract encourages innovation, including telecare alarm systems and efficient energy management systems. It will ensure that capital assets and services are maintained throughout the contract period. There is recognition of the inverse relationship between construction and maintenance costs – a higher capital spend may incorporate design features which result in lower operating costs. Land will be transferred into the control of the provider at peppercorn value. As previously in Cheshire, all ‘soft’ services will be

provided by the private sector. However, the Council will retain care services in house as it believes itself to be the most appropriate party to deal with this risk, based both on experience of service delivery, and also on its purchasing power and ability to negotiate economies of scale. Because of this policy, there will be no transfer of staff from the local authority.

The authority developed a relatively simple payment mechanism with approximately 30 performance standards to be monitored over the 30 year contract, with penalty clauses for non-performance.

**The key risks were identified as follows:**

- a) Demand – risk from tenant turnover borne by the contractor, that of lack of suitable tenants shared by authority and contractor
- b) Costs of providing care – borne by authority
- c) Failure to secure *Supporting People* funding – borne by authority
- d) Design and construction – borne by contractor
- e) Changes in law – shared risk
- f) Management and maintenance costs – borne by contractor.

## Tendering process

As part of the development of the Outline Business Case, the Council tested the deliverability of their proposals by carrying out a market sounding exercise.

A questionnaire and letter containing a summary of the proposed scheme was sent to a number of organisations thought to be interested in bidding. A total of twenty eight questionnaires were sent out to Registered Social Landlords (RSLs), other organisations specialising in the provision of extra care services and a sample of construction companies already actively involved in PFI. In addition, all the housing trusts based in

Cheshire and RSLs already active regionally and nationally in extra care housing were included. A total of fourteen responses were received (a response rate of 50%). Good response rates were achieved from both RSL's and construction firms but there was a relatively poor response from other organisations specialising in extra care. The responses received were generally very positive. They also provided valuable feedback on various aspects of the Council's proposals.

There was strong market interest in the tender itself, with nine bidders coming forward. An early information day for potential bidders with information about the vision for the project and the process to be followed, proved very successful, and was welcomed by the bidders. From the provider's point of view it provided a good overview of the project as a whole, providing sufficient background to enable bidders to understand the scope of the project. More importantly the Council was able to confirm the successful allocation of PFI credits, and that they had established an experienced team of consultants and advisers.

The bidders were told the budget available for the process, and this helped exclude bidders on a simple pass/fail basis if they could not come within budget. Although this budget was tight, it meant bidders had to be realistic with their proposals. The budget did not change throughout the procurement process.

**Otherwise the evaluation criteria for the tender were as follows:**

- Method statement – 31%
- Design – 25%
- Contract compliance – 10%
- Construction and lifecycle – 10%
- Sales and letting strategy – 6%
- Cost – 4%
- Financial structure – 4%
- Mobilisation – 2%
- Insurance – 2%.

- Rent and service charge – 2%
- Accounting – 2%.

This procurement process was carried out before the introduction of competitive dialogue, and so was done as a negotiated procedure. The key issues discussed with the bidders were:

- Scenario planning, including what would happen if the contract did not run to full term for a number of reasons
- Treatment of VAT, including achieving clarity on what was recoverable or not
- Land title and consent for disposals
- Residual values and private sales
- Treatment of care and support contract
- Underwriting *Supporting People* funding.

The resolution of the VAT and consent issues, as well as interest rate fluctuations which required extra PFI credits, meant that once preferred bidder stage was reached it took 12 rather than the planned 6 months to reach financial close. Additional time was needed to clarify whether or not VAT on rent was recoverable; together with the need for the Secretary of State's approval for the disposal of land at less than full value.

The chosen provider was a Special Purpose Vehicle, the consortium AvantAge, made up of Gleeson Capital Solutions, Manchester & District HA and Nationwide Building Society.

## Funding, construction and operational arrangements

It was originally proposed that 80 apartments would be for sale, a further 80 for shared ownership, and 240 for social rent. However, the provider, AvantAge, added an extra 33 units for sale, as well as additional communal space. There is a mix of one and two bedroom flats, as well as "1+" units consisting of a one bedroom flat with one extra room which could be used as a study or an extra bedroom. All of the sites were provided by the council and

leased to the RSL on a 99-year lease.

The main cost associated with the project was building the units, and this was largely funded through the PFI credits, with the authority providing the land, and some additional funding to secure the quality they required. The sale of units has also contributed to the funding of the overall scheme enabling some cross-subsidy of costs; an overage clause was included within the contract, so that if units were sold for more than estimated, the excess would be split between the local authority and the provider. Ongoing revenue contributions for care have been financed through savings in the costs of residential care placements. As the *Supporting People* grant in the county has been falling, whilst the support needs of residents were unknown, the county agreed to underwrite the support costs to an agreed ceiling.

Initially the local authority has 100% nomination rights for all of the units developed, whether rented, leasehold or shared ownership. The allocations panel will look at the current mix and allocate accordingly to maintain a balanced community as a first priority, then to meet health and social needs, and finally to meet housing need. Planners had insisted that there should be priority for people with local connections. After the end of the contract there will still be 69 years remaining on the lease, and the authority will retain nomination rights for 200 of the total units.

The care contract across the five sites has been awarded to one provider (Housing 21) as it was felt important to have a consistent approach which would be easier for the provider to manage. In addition this contract included tasks traditionally categorised as support, so as to create a combined care and support service. The care and support service is provided on a 24 hour basis.

Initially the restaurant facility was included within the PFI contract, but as costs were coming back very high it was decided to exclude the running of the restaurant from the contract, but maintain the building and equipment costs within it. The authority's catering services are providing this service initially.

# 4 Oldham Sheltered Housing (HRA) Project

## Overview

Oldham Metropolitan Borough Council wanted to procure the refurbishment and remodelling of 1,457 sheltered properties including 854 bungalows, 483 one-bedroom flats, and 120 two-bedroom flats. Work included improved layout, accessibility, mobility standards, general building improvements and improved facilities. It would result in eight extra care housing schemes, one of which would be new build with the others formed from remodelled ordinary sheltered housing. Two of the sheltered housing schemes would be demolished and rebuilt, the remainder would be refurbished and remodelled to the higher standards.

The contract was structured so that the provider is responsible for improving, upgrading, managing and maintaining the properties, whilst care for the ECH schemes would be commissioned by the Council and provided separately to this contract. Ownership of the properties remains with the Council.

The 30 year contract was completed in October 2006 (OJEU/OJEC date June 2002) and attracted £132 million of PFI credits. The provider is Oldham Retirement Housing Partnership (Housing 21, Bullock Construction Ltd and AIB Group (UK) Plc) a SPV with charitable status.

## Partners

Oldham's corporate plan makes a commitment to "help and care for vulnerable people" and to "work in partnership to improve help." It aims to work closely with the health authority and

local PCTs to develop closer working on services for older people. Within the council's Adult and Community Services Directorate the housing and adult services departments are working towards better integration of care and support services for older people with the aim of supporting as many people as possible in their own home. Adult Services also wishes to reduce its reliance on residential homes to meet the needs of frail older people and the provision of ECH is seen as an alternative provision.

First Choice Homes Oldham (FCHO), Oldham's Arms Length Management Organisation, was formed in April 2002 to manage council owned housing in Oldham including its sheltered housing. The sheltered housing not within the PFI project continues to be managed by FCHO and is itself subject to a further options appraisal review.

Initially this project was seen within the Council as having a "housing" focus addressing the requirements of the Decent Homes Standard rather than taking into account the wider health and social care needs of the older population. However, later in the procurement process Adult Social Care became more formally involved and greater clarity was developed about the broader purpose of the project. The involvement of internal stakeholders was a key challenge during the procurement process.

Open meetings were held with sheltered housing tenants to consult on the proposals, and in particular seek their views on the improvements needed to the properties. The meetings also explored views and concerns on the PFI approach. A series of promises to tenants were developed around such issues as consultation, decant arrangements and the right to return to their original homes. The Tenant Steering Group, as well as broader tenant involvement, was maintained through the

procurement process, and further consultation by the provider is included within the contract.

## Project

The Outline Business Case summarises the key purposes of the PFI contract as:

- To improve and upgrade the properties to meet decent homes standards, and wherever possible the Housing Corporation's Scheme Development Standards for housing for the elderly or frail elderly
- To manage and maintain them.

In particular the provider manages the process of tenant liaison, including

- a) Consulting about and publicising the timetable of proposed improvements
- b) Matching tenants with decant properties or permanent rehousing if preferred by the tenant
- c) Managing the decant and work programme with the tenants
- d) Managing the process of decanting including arrangements for removals, redirection of post, utilities, telephones etc.
- e) Paying and administering disturbance payments where appropriate.

The provider manages the appropriate level of voids at a pre-agreed decant licence fee payable to the Council, so as to make properties available for decanting and give tenants a reasonable level of choice as to where they were moved. The Council handed over the stock at the start of the contract with an appropriate level and distribution of empty properties to allow the provider to begin the first phase of decanting. The Council will also make available any suitable properties from its own stock to assist in the decanting process.

## Project Management

Initially the project management team was based within Oldham's ALMO and therefore was often one step removed from key council decision makers. One of the early issues for the project was its governance arrangements, and in particular the lack of clarity over project ownership. This impacted on the decision making process, and on the availability of resources.

This project was an early pathfinder PFI so there was limited guidance and good practice available. However, the project team did make use of the support provided by 4ps. Key areas of expertise for the team were understanding the OJEU process, negotiation skills, developing partnerships and managing relationships, and technical skills. Oldham has identified that further training for staff will be a key priority for future projects.

Extensive use was made of external advisors on technical, legal and financial matters, and latterly an external project manager was brought in. This project management input was pivotal to bringing the procurement process to a financial close.

## Contractual Issues

The output specification presented a challenge in terms of affordability, and was amended over the course of the four-year procurement process. It was developed by the project team, with advice from external consultants.

The payment mechanism covers a range of key performance indicators covering building design and standards, housing management, supporting people and the management of the improvement process (in particular tenant satisfaction with that process).



The key areas of risk were identified as:

- a) Planning permission – it will be the provider’s responsibility to ensure that the design complies with planning requirements and building regulations
- b) Design – the provider will be responsible for ensuring that the design meets the specification and for any costs associated with poor interpretation of the specification, or inadequate design life. ‘Latent defects’ is a complicated contractual area, and relief and compensation in some circumstances can be sought against the Council. (Latent defects are flaws in a building which are hidden but surface later. They may have major unanticipated cost implications for the provider).
- c) Stock condition – sufficient time was allowed in the procurement process for the provider to commission an independent stock condition survey, ground investigations and structural/environmental surveys
- d) Construction and refurbishment costs – the provider will be responsible to any costs in excess of budget
- e) Decanting – the council will hand over sufficient empty properties at the start of the contract to enable the first phase of decanting to start, and will also make available any suitable empty properties in the rest of its stock to assist with decanting
- f) Demand – the council will bear the risk of demand being lower than that predicted
- g) *Supporting People* – the council would guarantee to cover the cost of providing the support.

## Tendering process

A joint market-testing event was held with Rochdale Council (with whom it was originally intended to develop a joint PFI contract) and attracted 19 potential bidders, including 3 funders, 8 landlords and 8 developers. Thereafter the process was taken forward by Oldham on its own.

It was initially proposed that the contract would purely address the property issues, but after further consultation with potential bidders, this was extended to include housing management and support as well.

There were four shortlisted bidders, two RSL-led consortia and two equity-led consortia (who later combined to form one consortium) who jointly procured a stock condition survey. The results of this survey enabled the consortia to develop the pricing element of their bids, but also provided some ideas about what remodelling was feasible. The survey also provided Oldham with a price benchmark, and further information about potential redevelopment.

The successful bid from the final short list of two was from the Housing 21 led consortium, Oldham Retirement Housing Partnership.

## Funding, construction and operational arrangements

The PFI contract aims to “transform the face of Oldham’s sheltered housing” and to “offer a truly holistic service by incorporating tenancy management with Court Manager support, which will link to the future development of modern care support in the Borough.”<sup>14</sup>

<sup>14</sup> Oldham website: [www.oldham.gov.uk/housing-pfi2-sheltered-housing-scheme](http://www.oldham.gov.uk/housing-pfi2-sheltered-housing-scheme)

At the end of the improvement programme there will be a total of 1,457 sheltered properties including 854 bungalows, 483 one-bedroom flats, and 120 two-bedroom flats. These will include 8 ECH schemes, one of which will be a new build development. There will be 2 new build ordinary sheltered housing schemes as well as the remodelled and refurbished schemes.

The project entails the remodelling of existing sheltered housing stock and therefore presents a number of key challenges:

- Moving tenants out of their homes
- Finding temporary accommodation for these tenants
- Ensuring appropriate temporary or permanent accommodation was available
- Technical difficulties in remodelling existing buildings to meet scheme development standards.

The actual work includes improving internal layout, providing wheelchair access where physical constraints allow; improved accessibility through lifts to some flatted schemes; new, state of the art door entry and warden call systems; replacement doors, windows, heating systems, kitchens and bathrooms (to include level access showers); environmental and security work. The ECH specification for the remodelled schemes recognises the constraints of working with an existing building, and so is slightly different to that for the new build. As a result of previous experience, the provider decided not to do any of the work around tenants, but only to vacant buildings.

The rent, heating and *Supporting People* charge will continue to be set by Oldham Council but will be collected by the provider acting as managing agent.

The twenty-nine sheltered housing wardens were transferred from the ALMO to the provider with the complications presented by TUPE. Included within the bid proposal was the shift from resident to non-resident staff, and staff training and upskilling.

The provision of ECH services (including the restaurant service) does not fall within the scope of the PFI contract. The allocation criteria and procedures for the extra care housing are currently being developed in partnership with the provider. However, it is broadly planned that there will be a mix of needs with about 30% critical care need and 40% medium care needs. The move towards this mix will be complicated by the right of decanted tenants to move back into what may have become extra care housing. In addition, it is envisaged that the community facilities within the ECH schemes could become resources for the wider community, and a potential centre for outreach work into that community.

The first new build ECH is due to be completed in the summer of 2008, with a remodelled ECH following later in the year. Because this is an HRA scheme, it involves no build for sale and no residual value needed to be factored in because the council will retain ownership of the stock.

# 5 Kent Better Homes Active Lives (non-HRA) Project

## Overview

Kent County Council with its ten District Council Partners wished to develop 342 units of housing across 12 different sites providing extra care sheltered housing for older people, supported living for people with learning disabilities (LD), and units for people with mental health problems (MH).

The private provider will design, build, finance and operate the buildings and facilities. They will provide housing and restaurant services to the tenants as well as organised activities; with care and support being provided by the Kent.

The 30 year contract, with a capital value of £72million, was agreed in October 2007 (OJEU/OJEC date May 2005). The first extra care scheme is due to be completed in 2009. The provider is Kent Community Partnership, an SPV wholly owned by Housing 21 with a corporate loan from Barclays, and sub-contracting the construction and building maintenance to Denne and United House.

## Partnership

The Better Homes Active Lives project has been procured by Kent County Council on behalf of itself and the ten District Councils in the county. The project was initiated in 2002 after a conference looking at housing, care and support for vulnerable people in the county, attended by county and district members and officers (representing housing and social care), and health representatives. It was a response to the high numbers of vulnerable people being placed in residential care, the limited amount of extra care

housing, and the levels of deprivation and need in the county.

Although the County took the lead in the procurement process, an ongoing theme was the need to maintain ongoing communication and negotiation with each of its partners. The districts were providing three of the 12 sites, as well as contributing a share of the approximately £1 million development costs.

The risks and benefits of the contract between Kent County Council and the provider are shared with the district councils through a Back to Back Agreement (B2B). This Agreement underpins the long term partnership and ensures that all partners are working in the interest of the project as a whole and are risk averse in their actions because all partners take a share in the risks and benefits associated with it. From the perspective of the district councils, the B2B ensures they have the ongoing ability to influence decision making in relation to the Project Agreement, and to exercise control over any key decisions. The B2B Agreement was negotiated by the partner authorities' lawyers. It covers project governance, nomination rights, risk sharing and contract management requirements for the project.

## Project

The project aims to enable vulnerable people to live independently in self contained flats with appropriate facilities. It will provide 275 flats of extra care housing for older people in seven schemes, 58 flats for people with learning disabilities in nine clusters, and seven flats for people with mental health problems. There are 12 sites spread across the ten districts.

The extra care housing schemes will consist of a mix of one and two bedroom flats (26 one bedroom, and 14 two bedroom), will have a 24 hour on-site care team, and facilities will include restaurants, communal lounges, gym and treatment rooms. They will be equipped to take Assistive Technology (telecare and telehealth equipment), will be DDA compliant and meet the Housing Corporation's frail elderly scheme development standards.

The flats for people with learning disabilities and mental health problems will be arranged in clusters of seven people, with the eighth flat for staff and/or communal use. These will in some cases be located on the same sites as the extra care housing schemes.

Kent and the district authorities have provided the land for the project on 99 year leases and at a peppercorn rent (which increases slightly at the end of the 30 year contract). All the sites were vacant at the start of the contract and the County Planners were involved in early discussions with bidders, but there were problems resolving issues such as land title, rights of way, and flood risk particularly given the mix of ownership between the county and the districts.

## Project Management

There is a clear governance structure headed by a Key Stakeholder Group consisting of housing, health and adult social services representatives. The Main Project Board consists of six district council heads of housing (three from West and three from East Kent, representing the remaining districts) and two adult social services senior officers.

The Project Director is responsible to the main Project Board and manages a Project Manager, a Project Accountant and a Contract Manager. The Project Manager is responsible for the project team which consists of both external financial, legal and

technical advisors, and internal finance, legal, property, housing and care staff. It was felt to be important that the in-house team consisted of good people with dedicated time, who were able to get involved in all aspects of the process. Now that the contract has been finalised a dedicated Contract Manager has been appointed who is responsible for liaising with the provider on behalf of all the partners.

Consultation with existing and potential users has been limited to that carried out by district authorities, and is an area that will be strengthened for future PFI rounds. Health have not been active partners, although the early stages of the project did coincide with the PCT reorganisation and they did not have any financial input into the schemes. The two PCTs now in place are likely to be more involved in future bids, partly because of the higher profile of Extra Care Housing both nationally and within the county. The schemes are being designed to be used flexibly, with the potential for use by health if needed.

The use of external advisors experienced in PFI work was critical to the success of the process. Advisors included financial and legal, technical (design, property and land issues), and insurance. The advisors were helpful in supporting all the partners through the process, and in particular produced guides on the PFI process for members.

The project team benefited from advice and support from the 4ps, and took advantage of their training (for which they also involved their district partners). Additional in-house training on negotiation skills proved very useful, and helped the team ensure they were fully prepared for every meeting with potential partners (eg having pre-meeting to prepare every potential issue that might be raised, and agree who would lead on it).

The DCLG/4ps 2004 housing PFI procurement pack provided a useful reference point, although at the time it was directed more at general housing and HRA projects.

## Contractual issues

The external advisors developed the initial output specification, with the project team then consulting on and revising it. The consultation process was carried out on a locality basis involving both district housing and adult social care services in each locality. This process was key to ensuring all partners owned the specification.

The project team set a fixed date beyond which no further amendments could be made without full Project Board approval. It was also felt important to aim high at this point, as this would give scope for negotiation at a later stage.

The payment mechanism was kept fairly simple, with a range of performance indicators setting out required service standards and availability. Importantly it includes measures of tenant satisfaction obtained through tenant surveys carried out on a rolling basis throughout the year.

The transfer of key risks was as follows:

- a) Demand – this risk is retained by the provider, but if overall void levels reach a fixed level (depending on whether ECH or LD/MH), the provider can ask for a review and hence a change of use.
- b) Planning – this risk remains with the provider, but if planning permission is not obtained the contract would not be signed for that particular scheme
- c) Design – this is retained by the provider
- d) Changes in law – both for general and housing changes in law the risk is retained by the provider.

## Tendering process

There was a good response to the OJEU with 33 expressions of interest from individual organisations. This reduced to 7 consortia from whom the three strongest were picked to

submit bids based on their experience of delivering PFI projects, financial strength and levels of expertise in extra care housing. The criteria used to assess the bids were:

- Finance
- Design
- Housing Management
- Legal and contractual
- Presentation (smallest amount).

The County did set an affordability level for bidders at the beginning of the process, and remained within it throughout the process.

Once the bids were evaluated, two were chosen to prepare their best and final offers before the preferred bidder was chosen.

The preferred bidder was a Special Purpose Vehicle wholly owned by Housing 21. In addition Housing 21 is working with other specialist housing and care providers – Golden Lane HA and MCCH – to support their work with people with learning disabilities and mental health issues.

## Funding, construction and operational arrangements

All of the extra care housing flats will be rented, with the broad eligibility criteria being over 55 (unless specific needs requiring extra care housing), with social and health care needs, and on the housing register. Kent and the District Councils have 100% nomination rights for the 30 year contract, 80% for the next 5 years (with the possibility of extending this for another 5 years), and thereafter Housing 21 must use the scheme for social housing but otherwise without restriction. Residual value was factored into the service charge and rent levels.

The provider is not able to turn down nominations, but Kent is providing an in-house care team, which should ensure the flexibility to meet the care needs of residents. They see this

flexibility as removing the need to aim for a specific mix of needs to create a balanced community, although they do recognise the need to have some lower needs residents to maintain a level of mixed community living. There is no specific *Supporting People* funded service going into the schemes but it is expected that the housing management service provided by Housing 21, and the care team provided by Kent, will cover issues that might otherwise have been picked up as support. Protocols have been developed for how the court managers and the care teams will work together.

The aim is to provide a home for life and this will include for people with dementia. The best approach to housing people with dementia has yet to be finalised, so could either be having a dementia cluster, or flats could be mixed within the main community. Kent is also keen to tackle the issue of palliative care within the extra care setting to enable people to remain within their own home if they wish.

All extra care housing schemes will have a restaurant providing a midday meal and open from 9.00am for snacks. Originally the cost of the meal was to be included within the service charge, but subsequently Housing 21 asked that it not be a service charge item. The contract includes the provision of 14-20 hours of activities per week as this was seen as critical to developing an active community.

**Key design features include:**

- One bed flats of 55 sq m, two bed flats of 65 sq m
- All kitchens to have units adjustable for wheelchair use
- Ceilings to be strengthened for hoists if necessary
- Showers in the flats but these can be changed to baths if the residents prefer.

# 6 Outcomes: Benefits and Lessons Learned

All the authorities and providers involved in these PFI projects have identified issues to be taken into account when considering this approach to procuring extra care housing. Many of these issues also apply to other PFI housing projects.

## Project Governance

It is very important that all the key stakeholders for a project, including Council Members, have an identified role in developing the project, and managing the process. This should assist the development of the scope of the project (for example the potential involvement of health services as well as housing and social care), and the identification of resources to enable the project to be taken forward. Identifying these key stakeholders, and engaging with them, must be an early priority.

There should be a clear and efficient decision-making process, with decision makers close to the project team, and able to commit the resources to supporting them.

## Project Management

The case studies have all reflected on the importance of having the right project team in place to take the PFI procurement process forward. This team should ideally remain consistent through the process, have strong leadership and be capable of becoming involved in all aspects of the process. Ideally there should be members of the team with previous experience of PFI procurement, but there should also be recognition that additional expertise will need to be brought in early from experienced external advisors.

There is clearly much to be gained from making use of the guidance and training offered by the 4ps. An area where project teams commonly felt they needed additional training was around negotiation.

Another area of concern was the timetabling of the procurement process, and how it was necessary to be realistic but clear on important milestones. Authorities also needed to be aware of providers' requirements from this point of view, for example, the timing of key board meetings, or the process for obtaining funding approvals.

The cost of the development process is likely to be high (case studies quoted about £1m) and generally not affected by the size of the contract. This suggests that procurement through PFI is most cost effective for larger scale contracts.

## Tenant Involvement

The approach to the involvement of older people will in part depend on whether this is a new build scheme, or, as in Oldham, the remodelling of existing sheltered housing scheme. However, the involvement of older people as key stakeholders should take place as early as possible in the process. This involvement could be directly with individual older people, with older people's groups, or with voluntary or community organisations.

The main areas of involvement during the procurement process include:

- The development of the output specification
- The assessment of potential bidders (for example, visiting providers' schemes elsewhere)
- The design of the payment mechanism, particularly as it relates to the assessment of tenant satisfaction.

## Output Specification

As a definition of the outputs to be achieved by the project, the development of this specification must be recognised as key to a successful outcome. It needs clearly to set out what is expected, and, as importantly, all the stakeholders involved must own it.

The approach taken in the case studies involved using external advisors (particular IT technical advisors), but tended to be led by the project team, and then broadened to a wider consultation exercise with stakeholders. It was important to set a completion date for the consultation exercise, with only significant concerns considered thereafter.

The specification needed to be both realistic and affordable, and experienced external advisors could provide an important check on this. If necessary, there should be a divide between what was required as a minimum, and what was on a wish list. It should allow scope for innovative solutions from providers.

## Technical Issues

All case studies referred to the problems caused by technical development issues, most typically complications around land title, but also planning issues. The earlier these issues are tackled in the procurement process, the less likely they are to cause delays later. In particular, planners should be involved from the start, and it is now required practice that outline planning permission is obtained before submission of the Outline Business Case for CLG and Treasury approval.

Where the ownership of the land is not straightforward or, for example, where there are covenants on the land, again these issues should be explored early in the process.

Where existing stock is to be remodelled, the earlier there is an understanding of the technical issues this presents, and in particular the options that are feasible, the easier and therefore speedier the procurement process.

## Potential providers

The early involvement of potential bidders, for example through a soft market testing exercise, is clearly beneficial. The specialist knowledge of the potential bidders can help both in the scoping of the contract (for example should care and support be included) and in the development of the output specification. From the providers point of view advance warning enables them to gear up for the procurement process (for example ensuring the in principle approval of their own boards, and also of funders).

Authorities recognised the benefit of engaging with potential providers who were experienced in the PFI procurement process, and who were resourced to manage the process effectively.

## Contractual issues

The project agreement or contract, and its management, are critical to the success or failure of a PFI project.

Contracts need to address performance standards and the payment mechanism, nomination arrangements and eligibility criteria and areas of risk such as those mentioned below. Getting these elements right are integral to the success of a PFI project as there may be major cost implications if they are not.



## Risk Management

In all of the case studies the provider formed a Special Purpose Vehicle, with the main benefit identified as the ability to ring fence the risk associated with the project.

The transfer of risk between the authority and the provider will mainly be governed by the standard forms of contract (now the Standardisation of PFI Contracts version 4), although there will always be project specific issues which will require negotiation, and central government agreement for any derogations. When this negotiation took place it was important that it was done openly, with a realistic approach to the likelihood of specific events, and the involvement of all key stakeholders.

Risks relating to: the pricing and sharing of profit or loss of extra care housing for sale; residual value; and latent defects need to be considered. 'Overage' clauses can be inserted so that if units are sold for more than originally estimated, the excess is shared between the local authority and the bidder. Residual value relates to the residual value of the buildings on the expiry of the contract and the question of who takes the value. It can be difficult to get service providers to accept a high residual value as this affects their benefit at the end of the contract, and they will seek to take the benefit in some other way. A high number of latent defects will have cost implications for providers and they can seek to protect themselves against this risk.

## Design and operational issues

The design specification for the extra care housing in these case studies reflected standard design standards. One issue raised was the importance of "future-proofing" the schemes to meet the expectations of future residents, and in particular considering the balance of one and two bedroom flats.

In all cases the commissioning or provision of care was separate to the PFI contract, but the actual approaches differed. In one case the authority's in-house teams would be providing care, in another the care was to be commissioned externally, and in the third a joint care and support service had been commissioned.

The approach to the provision of support, and the risk associated with levels of *Supporting People* (SP) funding, were also different. In one case, there was no assumption about SP funding going into the schemes, with the approach being taken that support needs would be met by the on-site care or housing management staff. In the other two cases it was assumed that support would be provided and funded through SP, but with the authorities underwriting the support costs.

## Leverage/cross subsidy

Using cross subsidy from the sale of extra care housing apartments to subsidise those for social rent can facilitate the development of additional apartments or larger apartments. Factoring in residual value can also provide additional leverage for authorities developing PFI extra care schemes.

# 7 Future Developments

The current direction of policy, reflected in recent documents such as *Transforming Social Care*<sup>15</sup>, *Putting People First*<sup>16</sup> and *Lifetime Homes, Lifetime Neighbourhoods*<sup>17</sup>, support the development of a wider range of housing options for older people. Additional capital funding for extra care housing has also been made available.

Developments such as social enterprises and community investment trusts may contribute to the emergence of new models for PFI in extra care.

Future developments will need to meet the requirements of *The Code for Sustainable Homes: Setting the standard in sustainability for new homes* (CLG, 2008) which sets a standard for sustainability.

15 *Transforming Social Care*, Local Authority Circular LAC (DH) (2008)<sup>1</sup>

16 *Putting People First – a shared vision and commitment to the transformation of Adult Social Care*, NHS/ADASS/LGA, 2007

17 *Lifetime Homes, Lifetime Neighbourhoods*, CLG, 2008

## Appendix 1

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### PFI extra care housing schemes in operation

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Hammersmith & Fulham	32 new build units for rent
Coventry	120 new build units for rent
Croydon	80 new build units for rent
Kent	342 new build units for rent
Cheshire	240 new build units for rent; 193 for sale/ shared ownership
Oldham	350 new build units for rent; 1150 sheltered units refurbished

Total PFI credits for supported sheltered housing £312m (of £1.2billion total allocated credits for all signed housing projects).

### PFI funded extra care schemes in development

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North Tyneside  
Cheshire  
Kent  
Stoke

## Appendix 2

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### Key contacts

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## Appendix 3

### Key study data

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LA	CLG funding round	HRA/ non HRA	Refurb/ new build	OBC submitted to ODPM	PRG OBC approval	Financial close
Cheshire	3	non HRA	New build	Jan-05	May-05	Oct-07
Kent	3	non HRA	New build	Jan-05	May-05	Oct-07
Oldham	2	HRA	NB/refurb	Sep-01	Dec-01	Oct-06

Provider	Value of PFI credits	No. new build for rent	No. Refurbished for rent	No. Dev Ag for sale	Total no. of units	Advisers
AvantAge Consortium: Harvest Housing Group; Gleeson Group; Nationwide Building Society	£54.2m	240		193	433	RSM Robson Rhodes; Addleshaw Goddard; Gleeds
Housing 21; Denne; United House Construction; Calfordseaden Architects; Mencap; MCCH;Medirest	£75m	342			342	RSM Robson Rhodes; Addleshaw Goddard; Gleeds
Housing 21	£132m	350	1150		1500	PWC; Hammonds; Addleshaw Goddard; Holbrow Brooks

## Appendix 4

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### Useful resources

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*Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society*, 2008, Department for Communities and Local Government, Department of Health, Department for Work and Pensions

*Housing PFI Procurement Pack*, 2004, 4ps

*Social Care Procurement Pack*, 2007, 4ps

*A Map of the PFI Process using Competitive Dialogue*, 2006, 4ps

*Standardisation of PFI Contracts Version 4 (SoPC4)*, 2007, HM Treasury

*Non-Housing Revenue Account Private Finance Initiative – Cost of New Build Social Rented Housing*, 2008, Department for Communities and Local Government

*PFI/PPP Operational Project Review: Housing*, 2006, 4ps

*PFI Operational Project Review: Adult Social Care Sector*, 2008, 4ps

### Other Housing Learning and Improvement Network Publications

#### Technical Briefs:

No 1: *Care in Extra Care Housing*, 2005

No 2: *Funding Extra Care Housing*, 2005

No 3: *Mixed Tenure in Extra Care Housing LIN*, 2005

#### Toolkits:

*More Choice, Greater Voice: A toolkit for producing a strategy for accommodation with care for older people*, 2008, Communities and Local Government & Care Services Improvement Partnership

*RPTI Good Practice Note 8: Extra Care Housing – development planning, control and management*, 2007, Housing LIN, CSIP and RTPI

*Extra Care Housing Toolkit 2006*, Care Services Improvement Partnership

#### Factsheets:

*Mini Cost Model of Housing with Care Project*, 2008, Housing LIN

*Design Principles for Extra Care*, updated 2008, Housing LIN

*Commissioning and Funding Extra Care Housing*, updated 2008, Housing LIN

*Contracting Arrangements for Extra Care Housing*, 2007, Housing LIN



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