

<b>DECISION-MAKER:</b>	<b>CABINET</b>			
<b>SUBJECT:</b>	<b>SOUTHAMPTON LIVING WELL SERVICE</b>			
<b>DATE OF DECISION:</b>	<b>19 FEBRUARY 2019</b>			
<b>REPORT OF:</b>	<b>LEADER, CLEAN GROWTH AND DEVELOPMENT</b>			
<b><u>CONTACT DETAILS</u></b>				
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<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	
<b>BRIEF SUMMARY</b>	
<p>Southampton Living Well Service was procured on 1 April 2018 to modernise older person's day care in the city. Social Care in Action (SCiA) in partnership with Southampton Age UK is providing the service. This paper is seeking permission to exit a lease agreement for an existing day care property (the Brook Centre) which is no longer fit for purpose for the new service model, enabling this property to be used for the development of supported living accommodation for people with learning disability and alternative, more community based, facilities to be identified on the East of Southampton for use by the Southampton Living Well Service as a Community Wellbeing Centre. This will in turn:</p> <ul style="list-style-type: none"> <li>• facilitate implementation of a more strengths based model of day activities which supports the new ways of working in Adult Social Care thereby increasing choice for residents at the same time as reducing need and demand on statutory services;</li> <li>• expand provision on the East of Southampton which is currently limited by a shortage of accommodation owing to the Brook Centre not being usable;</li> <li>• and realise the step down of three clients with learning disabilities into more independent living arrangements.</li> </ul>	
<b>RECOMMENDATIONS:</b>	
	<p>(i) To approve the exit of the lease with Saxon Weald Housing Association for the Brook Centre (day care accommodation) and delegate authority to the Director of Quality and Integration following consultation with the Leader, the Service Lead: Capital Assets and Director of Legal and Governance, to take all necessary steps to terminate the current lease arrangement.</p>
	<p>(ii) To delegate authority to the Director of Quality and Integration, in consultation with the Director of Legal and Governance, to enter into a legal agreement with Saxon Weald Housing Association in order to make a financial contribution of up to a maximum of £190,000 from the improved Better Care Fund (IBCF) grant (which has been earmarked for this purpose) in the form of a grant towards the costs of converting the property into two self-contained flats and that</p>

		subject to a grant condition they be used for Council clients with learning disabilities.
	(iii)	To delegate authority to the Director of Quality and Integration, in consultation with the Director of Legal and Governance, to take all necessary steps to enter into a Nomination and Void Agreement with Saxon Weald Housing Association, on completion of the conversion works, for the use of the flats.
	(iv)	To delegate authority to the Director of Quality and Integration, in consultation with the Service Lead: Capital Assets and the Council's Procurement Services, to take the necessary steps to appoint a property consultant to develop an estates plan for the establishment of Community Wellbeing Centres across the city and specifically on the East of Southampton (as set out in Section 14).

### **REASONS FOR REPORT RECOMMENDATIONS**

1.	The vision for the Southampton Living Well Service is to transform Southampton's current traditional day care model to give people more choice and control over the support and services they are able to access, utilising direct payments to offer more personalised forms of care and promote the ethos of early intervention and prevention by developing the market to support more people and maximise the use of community assets. It supports the strengths-based approach to social work practice being implemented by the Council. The new model includes building on existing provisions to develop a number of Community Wellbeing Centres across the city which will provide support and activities, such as dance, yoga, tai chi, chair based exercise, befriending schemes, cooking and eating well, that promote health and wellbeing as well as day care. This vision was approved by Cabinet on 17 <sup>th</sup> October 2017.
2.	The current estate used by the service does not support this new vision because most of the buildings are part of institutional care establishments, seen by people as being care settings rather than places to engage in valued activities, and because the buildings are not in locations which offer accessible access for the general population (not in district centres or on bus routes). There is therefore a need to consider alternative sites, particularly on the East of the city, and to develop an estates plan to support this.
3	The Council holds long leases for two of the current premises in the East of the City, one of which (the Brook Centre) has been rendered unusable following a flood in May 2018. Whilst service users (15 in total) have moved to provision in other sites across the city and so continue to receive a service, there remains a gap in provision on the East. There is therefore an urgency to identify and implement suitable premises on the East.
4	A budget of £210,000 was agreed by the Joint Commissioning Board in February 2018 from the 2017/18 iBCF (Improved Better Care Fund) carry forward to enable the Council to terminate the lease early with Saxon Weald for the Brook Centre, by way of a deed of surrender, and convert the facilities into residential tenancies to rehouse individuals with a learning disability moving out of more expensive placements.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5.	1. Do not exit the Brook Centre lease and return the Brook Centre to a day
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	<p>care operational state from which to deliver the Southampton Living Well Service model.</p> <p>This option has been rejected for the reasons set out in this report. It would not realise the Council's vision for transforming the historical model of day care from a dependency based model to a strengths based model. It would also limit the number of people able to access the service to the original day care model.</p> <p>2. Do not exit the lease and use the Brook Centre for other purposes.</p> <p>The lease costs for the Brook Centre building are very high for community use and so it is not considered cost effective for the Council to use the centre for alternative provision at the current lease cost.</p> <p>3. Exit the Brook Centre lease but do not stipulate future use of the Brook Centre.</p> <p>The Council would not be able to guarantee the benefits to be achieved in relation to improved outcomes for people with learning disabilities and potential savings from enabling individuals to move into supported living arrangements that allow them more independence in line with local and national policy.</p>
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**DETAIL (Including consultation carried out)**

6.	<b>Overview</b>
	<p>The Council has commissioned SCiA to implement the Southampton Living Well Service model with a contract for 3 years – April 2018 to March 2021 (with an option for 2 additional years). The model includes the development of a number of Community Wellbeing Centres across the city to provide a focal point to access information, support on a range of issues, including health conditions, educational and leisure activities as well as day care. It is envisaged that the Community Wellbeing Centres will be easily accessible, welcoming and multi-functional with the following features:</p> <ul style="list-style-type: none"> <li>• Situated in District Shopping Centres, adjacent to other services/facilities</li> <li>• Close to bus routes, near bus stop as users may have difficulty walking or standing for long periods (bus shelters/waiting areas)</li> <li>• Open access/drop in</li> <li>• Welcome/reception desk to pay for activities/care</li> <li>• Information display areas</li> <li>• Pick up / drop off area outside</li> <li>• Wheelchair accessible</li> <li>• Changing places and disabled toilets</li> <li>• High levels of natural light</li> <li>• Variable heating/air-conditioning in each room</li> <li>• Dementia friendly environment</li> <li>• Café for public use</li> <li>• Kitchen area for semi use by customers (involvement in food preparation and cooking)</li> <li>• IT suite/wifi accessible throughout building</li> </ul>
7.	<p>The current day care provision operates from a number of properties across the city many of which do not meet the criteria above. It was always the</p>

	intention to work with the new provider, once the Southampton Living Well Service had been procured, to identify more appropriate premises for the Community Wellbeing Centres.
	<b>Brook Centre Proposal</b>
8.	<p>The Brook Centre, Bitterne, for which the Council holds a 25 year lease from Saxon Weald Housing Association (£33,400 rent, £4,700 business rates and £740 service charge per annum) with no exit clause, was originally developed in August 2008 as part of an extra care scheme development managed by Saxon Weald Housing Association in the Bitterne area of the city. It has been used as a day centre since 2008 by SCiA as both the previous provider of the Council's Older person's day care contract and now as the incumbent provider of the new Southampton Living Well contract. The rent for this accommodation is very high in the market place for community use and more reflective of office space in a prime location. It equates to £478,733 for the full period up to lease expiry in 2033 plus an additional £67,367 for rates (based on the current figure) and £10,607 service charge. The property has permitted use for a day centre for elderly people and other people in need of care, within Class D1 of the Town and Country Planning Use Classes Order 1987. The building however does not lend itself well to provision of a Community Wellbeing Centre as described in Section 6 for the following reasons:</p> <ul style="list-style-type: none"> <li>• It is a single room</li> <li>• It is situated in a residential area of the City with no neighbouring local amenities, not in a district centre</li> <li>• There is no local bus service</li> <li>• The annual cost of the lease is high</li> </ul> <p>The building was then flooded in May 2018 which has rendered it unusable since.</p>
9.	<p>As the current Brook Centre accommodation is not suited to the proposals for a Community Wellbeing Centre, discussions had already commenced with Saxon Weald prior to the flood and prior to the procurement of the Southampton Living Well Service about potential exit from the lease. Advice was sought from the Council's Capital Assets team on options for terminating the lease early and the only realistic option was identified to be a negotiated early surrender (on the basis that the only other options - assignment or sub-letting to another party - would be difficult to achieve owing to the high cost of rent). With an early surrender, negotiations would normally include discussions about a payment of a discounted up front sum to compensate the landlord for outgoings and, in this case, negotiations have been around provision of funding to Saxon Weald to redevelop the property into 2 self-contained flats (one single and one double) to re-house 3 people with learning disabilities. This would have the additional benefit of enabling the Council to step down clients who are able to move from higher levels of care to more independent living. The flats would be additional to two existing flats for adults with learning disabilities on the first floor of the building. As owner of the property, Saxon Weald would lead on the conversion.</p>
10.	<p>On completion of the conversion works, the Council would enter into a Void and Nomination Agreement with Saxon Weald for the two flats. This would give the council guaranteed access and rights to 'nominate' tenants to</p>

	occupy the flats, in return for accepting liability for void costs, guaranteeing payment of rent to Saxon Weald as the Registered Provider of the housing.		
11.	Saxon Weald has appointed an architect to design the flats, produce plans for a planning application and provide an estimate of cost for conversion. A planning application for change of use was submitted in November 2018. The outcome of this planning application is outstanding at the time of this report.		
12.	Saxon Weald has provided an estimated cost to convert the Brook Centre to self-contained flats of £210,000 (including VAT), which was badged against the iBCF in 2017/18 and carried forward into 2018/19. This however was prior to the flood in May 2018 and, since then Saxon Weald has negotiated with their insurers a partial cash settlement and agreed that some of this can be used towards the conversion costs, thereby reducing the £210,000 to a maximum of £190,000.		
	<b>Other Community Wellbeing Centres</b>		
13.	<p>Building on the brief outlined in Section 6, there is now a need to develop an estates plan for the development of the Community Wellbeing Centres, initially prioritising the East of the City, which would involve the following:</p> <ul style="list-style-type: none"> <li>• Working with current and potential users of the service and the wider community, commissioners and providers to further refine the accommodation brief</li> <li>• Exploring the potential for integrating other service offers into any future building solutions e.g. libraries, health care, information &amp; advice, voluntary sector services</li> <li>• Undertaking a site search and feasibility study to identify appropriate premises in each part of the city. The plan is to have one or two Community Wellbeing Centres in each locality (therefore 3-6 city wide), the exact number depending on the outcome of the work described above with current and potential users of the service, partners, providers and the wider community.</li> </ul>		
14.	In order to develop the estates plan and take forward the work described above, it is proposed to commission an external property consultancy. Initial discussions with one property consultancy have taken place, who have provided a quote of approx. £15,000 (excluding VAT).		
	<b>Consultation</b>		
15.	Extensive engagement took place with service users and carers of the Southampton Living Well Service prior to the procurement (Summer of 2017). Building on this, service users, carers and the wider community will be engaged in the development of the estates strategy for the Service and any future new venues, including the future location of a Community Wellbeing Centre on the East of the City.		
<b>RESOURCE IMPLICATIONS</b>			
<b><u>Revenue</u></b>			
16.		Per Annum	Remaining on Lease *
	<u>Current Lease costs</u>		

	Rent	£33,400	£478,733
	Business Rates (based on current costs)	£4,700	£67,367
	Service Rates	£740	£10,607
		<b>£38,840</b>	<b>£556,707</b>
	<u>Funding from the Improved Better Care Fund</u>		
	Contribution to Saxon Weald	£190,000	
	Property Consultant	£15,000	
		<b>£205,000</b>	
	* Based on outstanding payments April 2019 to July 2033		
17.	Saxon Weald has provided an estimated cost to convert the Brook Centre to self-contained flats of £210,000 (including VAT). This funding was already allocated from the iBCF in 2017/18 and carried forward into 2018/19. Funding would be offered by the Council in the form of a grant agreement.		
18.	This figure of £210,000 will now be reduced as Saxon Weald has negotiated with their insurers a partial cash settlement and agreed that some of this can be used towards the conversion costs. The exact amount of this partial cash settlement is not yet known but will reduce the conversion costs to a maximum of £190,000.		
19.	The financial contribution of up to of £190,000 towards the conversion costs, plus the cost of appointing a property consultant of up to £15,000 (excluding VAT) to develop the estates plan for the Community Wellbeing Centres, will come from the of £210,000 budget already identified for this purpose in the iBCF.		
20.	The Council is intending to enter into a void and nominations agreement with Saxon Weald. Saxon Weald will rent the properties to individuals with a learning disability nominated by the Council. The weekly rent for the 2 bedroom flat will be £114.31 and for the 1 bedroom flat £91.10 in addition there will be a service charge of £185 per quarter. The tenants will claim housing benefit to cover these costs. However if a flat was vacant for a period outside agreed limits then the council would be liable for the rent and service charge costs. Based on the rent and service charges, the worst case scenario would be £11,421 per annum equating to £285,533 over 25 years. However a more realistic risk based on current void rates of 8% for similar properties would be £22,843 over the 25 year period. Further details can be found in Section 29.		
<b><u>Property/Other</u></b>			
21.	This report proposes the termination of the Brook Centre lease which the Council has with Saxon Weald.		
22.	There are no staffing implications linked to the proposals in this report. All staff involved in the delivery of the Southampton Living Well Service are employed by SCiA and staff who were currently based at the Brook Centre have been relocated to other day centre provision within the service.		
<b>LEGAL IMPLICATIONS</b>			

**Statutory power to undertake proposals in the report:**

23.	S.1 Localism Act 2011 permits a council to do anything required to deliver its statutory functions provided any other statutory restrictions on the use of its powers are complied with (including financial and procurement controls etc.) or not otherwise prohibited.
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**Other Legal Implications:**

24.	The detailed equality impact considerations required to be considered in accordance with the Equalities Act 2010 are set out in the EISA included within this paper to inform decision makers. The proposals are subject to compliance with Financial and Contract Procedure Rules on spend and procurement of services.
25.	Early advice has been taken on whether the ending of the Brook Centre lease prematurely, which is brought about by the payment of the grant towards the build costs of the conversion to flats, would attract stamp duty land tax (SDLT) and whether such payment if made by a separate agreement rather than the deed of surrender could be viewed by HMRC as circumventing that payment. It has been concluded that a reverse premium (paid by the Tenant to the Landlord) for surrendering a lease does not count as chargeable consideration and does not attract SDLT. That being the case, the Council is free to conclude the surrender of the lease at a nil value and make the payment towards the conversion costs by way of the funding agreement described in this report which can contain obligations on the landowner to develop the site in the desired way in return for nomination rights.
26.	Further consideration has been given as to whether the payment of up to £190,000 to the landowner to develop the site in return for nomination rights constitutes procurement activity, and whether that would bind the Council to procuring this under the Public Contract Regulations 2015. Advice suggests that this does constitute procurement activity, however, it is Works activity for the purposes of the Public Contract Regulations 2015, for which the threshold is £4,551,413. Since the value is below that threshold the Public Contract Regulations 2015 would not apply to this spend, but the Council should still be mindful of its own internal Contract Procedure Rules in entering in to this agreement, and if necessary seek to obtain an internal exemption to normal procurement processes to facilitate this arrangement (which is permitted under the Council's exemption process).

**CONFLICT OF INTEREST IMPLICATIONS**

27.	None
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**RISK MANAGEMENT IMPLICATIONS**

28.	Risks	Mitigating Action
	1 Risk of challenge from service users and carers.	The Council with SCiA will engage service users in the development of the Living Well Service. The development of the future estates strategy for the Living Well Service and specifically an alternative site on the East of Southampton for service users who would have

		used the Brook Centre in the past will involve strong engagement of service users.
2	Planning permission may not be granted for change of use of the Brook Centre from day care to residential use	Alternative options are being explored such as nursery facilities.
3	Future flood risk may impact on future plans for the Brook Centre	Saxon Weald are undertaking a flood risk assessment as part of the planning application and working with SCC Highways department to mitigate future risk
4	Potential financial risk associated with the void and nomination agreement for the two flats, should these remain empty	See below Section 29.

29. Entering into a void and nomination agreement commits the Council to potential financial liability and risk for the duration of the agreement, which is typically 25 years. In the case of the two flats it is estimated that the worst case financial risk to the Council would be £285,533 pa over a period of 25 years based on all units being void at all times. However, the likelihood of such a risk is very low as liabilities are only realised when voids occur and there are a number of factors which will mitigate against this occurring:

- Significant progress has been made in improving the council's management of void properties by the Integrated Commissioning Unit's Placement Service with average void rates now sitting at 8%. The council currently has 10 void and nomination agreements. These agreements cover 40 units of accommodation across the city with an associated potential liability of £245,000 per annum (based on the assumption that all units are void at all times). However, in practice, these potential void liabilities are never realised. Total void expenditure over the last 3 financial years against existing void and nomination agreements is £160,000.
- There is on-going need and demand for Supported Living schemes. The increased use of housing with care is a key deliverable within ICU work plans and a priority for Adult Care. It is central to the Council's savings programmes and meets a number of strategic drivers, meaning demand will grow over time, further reducing the risk of voids in the longer term.
- Void and nomination agreements typically include a void free period, commonly 90 days.
- Three people with learning disabilities have already been identified who would be suitable for the flats.

Based on an 8% void rate, the more realistic financial risk to the Council associated with the void and nomination agreement for the two flats would therefore be £22,843 over the 25 year period.

**POLICY FRAMEWORK IMPLICATIONS**



30.	<p>The recommendations in this paper support the delivery of outcomes in the Council Strategy. They also contribute to the City Strategy and the Health and Wellbeing strategy. The proposals particularly support the following priority outcomes in the Council Strategy:</p> <ul style="list-style-type: none"> <li>• People in Southampton live safe, healthy and independent lives</li> </ul>
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<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>All</b>
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	None
2.	

**Documents In Members' Rooms**

1.	ESIA
2.	

**Equality Impact Assessment**

<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>Yes</b>
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**Privacy Impact Assessment**

<b>Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.</b>	<b>No</b>
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**Other Background Documents**

**Other Background documents available for inspection at:**

<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	
2.	