Executive Summary

1. Research aims and objectives

1.1 Extra care housing is an important element of efforts to diversify housing provision and increase choice for older people. The Welsh Government made dedicated funding available to support the growth of extra care provision between 2009 and 2011. Subsequently, the development of extra care housing was subsumed into wider Social Housing Grant (SHG) arrangements. This involved local authorities using their SHG Main Programme funding to fund extra care schemes. Providers and/or developers have also sought other forms of public and private capital investment to support the development of extra care.

1.2 This report presents the findings to emerge from an evaluation of the extra care housing sector in Wales. It presents a comprehensive, independent assessment of the role played by the sector to help inform discussion about the role that extra care should play in delivering the strategic vision on housing for older people in Wales and to inform future investment decisions. The broad objectives of the evaluation were to:

- explore the strategies of local authorities for meeting the housing needs of older people and where extra care fits into this future
- calculate the cost-effectiveness of extra care in Wales in terms of building and development costs, as well as care costs
- investigate how extra care schemes are used by residents and the community
1.3 This study employed the following working definition of extra care:

- extra care housing offers an environment in which care and support is close at hand, but where an independent lifestyle can be retained as far as possible
- it includes housing that offers self-contained accommodation for rent/equity share/outright sale together with communal facilities
- care and support services are available from a team based on site 24 hours a day
- residents have the option of purchasing services (including care and support) either directly from the extra care provider or from elsewhere should they wish
- 'care' refers to direct help that an older person receives from a registered carer. This might include help and assistance going to bed, getting out of bed, washing and dressing, and help with medical matters that do not require a trained medical professional.

2. Methodology

2.1 A team from the Centre for Regional Economic and Social Research, Sheffield Hallam University was commissioned in 2016 by the Welsh Government to conduct an evaluation of extra care, focusing on the form and scope of provision, life in extra care housing and issues of cost and effectiveness. The approach to the evaluation centred on three key strands of activity. All fieldwork was conducted in 2016.

2.2 (i) A literature review drew out key insights and learning from the available evidence base. It soon became apparent that relatively few studies have rigorously analysed the role, function and contribution of extra care housing in Wales. The review was therefore widened to consider evidence from across the UK that could provide learning relevant to the Welsh context. In particular, attention focused on collating research evidence that served to help. A long list of relevant evidence was generated, which was screened prior to reviewing to establish robustness and the validity of findings.

2.3 (ii) Quantitative Analysis focused on the collection, collation and analysis of primary and secondary quantitative data. It involved four key activities: the collation and analysis of secondary and administrative datasets to generate an overview of extra care provision across Wales, within sub regions and at the local authority level; web-based surveys of local authorities, registered social providers and extra care schemes about local provision (all 22 local authorities, 29 of the 34 housing associations...
involved in the Extra Care sector and 35 of the 47 of the extra care schemes replied); analysis of supply and demand for specialist older persons housing; and the calculation of the cost efficiency of Extra Care.

2.4 (iii) Case Study Analysis focused on exploring the role played by extra care housing within local housing strategies, views and opinions about current and future provision, and the opinions and experiences of residents of extra care schemes. Attention focused on six local authority areas that served as case studies. Within each the evaluation team collated and reviewed relevant documentary evidence; interviewed up to 10 key stakeholders. Across all case study areas the research team engaged with over 80 extra care residents.

3. Key findings

Extra Care Housing in Wales

3.1 The extra care sector has grown dramatically over the last 10 years and a scheme is now open or in development in every local authority area. SHG funding made available by the Welsh Government has been important in driving this growth. Three-quarters of all schemes have been developed since the Welsh Government published guidelines and made ring-fenced funding available to support the development of extra care schemes in 2006. The large majority of schemes built over the last 10 years received SHG investment.

3.2 The vast majority (95 per cent) of extra care schemes have been developed by social landlords and are providing housing for rent. However, many of their residents were previously owner occupiers. Across the 47 extra care schemes in Wales (in 2016) there are an estimated 2,065 dwelling units, an average of 44 units per scheme. Individual schemes range in size from 10 to 105 units, but the majority (31 schemes) have between 35 and 54 units. All units have either one or two bedrooms.

3.3 The 34 schemes responding to an online survey reported a total of 1,589 residents, an average of 47 residents per scheme, or 1.09 residents per dwelling. Scaling this up to all 47 schemes suggests that there are an estimated 2,265 people currently living in extra care in Wales. Extra care schemes are providing accommodation for older people of different ages and with varying care and support needs, although survey findings point to a concentration of people from older age groups within the resident population of extra care; two-thirds of residents were 75 years old and over. Almost two-thirds of all extra care residents were women. Scheme managers reported that 54 per cent of residents had support needs, such as the need for practical assistance with cleaning, tidying or shopping. Half of residents were
reported to have care needs, such as help with bathing or getting in or out of bed. One in five residents (19 per cent) were reported to have no support or care needs.

3.4 Scheme-level average rents for the year 2016/17 were found to vary considerably from £68.65 to £197.72 per week, but rent levels in two-thirds (30) of schemes fall between £100 and £150 per week. Average weekly rents in one-bed units range from £68.65 to £191.13, and in two-bed units from £74.74 to £204.47. Scheme-level average service charges varied from £35 to £153 for one-bedroom properties (£88 on average across schemes) and from £35 to £209 for two-bedroom properties (£96 on average). Services charges were reported to cover: heating and lighting the communal areas; window cleaning; gardening; equipment maintenance; and alarm facilities. In the vast majority of schemes, the charge also covered the cleaning of communal areas, the cost of the scheme manager, communal water charges and equipment replacement.

3.5 The large majority of schemes reported offering personal care on site and the cooking and preparation of meals. A small minority reported offering nursing and health care on site. Just under half of schemes reported providing facilities designed to support older people with specific needs. All schemes provide a communal lounge and many provide a laundry, hairdressing room, guest suite and communal dining area.

**Demand for Extra Care**

3.6 The majority of local authorities, housing associations and extra care scheme managers agreed that demand for extra care outstrips supply. However, analysis of demand tends to have been limited to the evaluation of waiting lists, which provide an unreliable measure of demand. Little is currently known about demand for extra care for shared or full ownership. Various reviews of extra care have been undertaken by local authorities and housing associations, which provide some useful insights. However, these reviews have rarely applied rigorous evaluation methodologies or sought to assess cost effectiveness or undertaken cost benefit analysis.

3.7 Further insight into demand for extra care is provided by data relating to the health and social care needs of older people, which suggests that extra care would be a relevant and appropriate housing option for a sizable number of the older person population, given the prevalence of long term health problems and disabilities and incidence of mobility and self-care issues. The geography of need evidenced by the incidence of long-term health and mobility problems does not appear consistent with the provision of extra care schemes across Wales.
3.8 Projections of demand generated by employing a range of different prevalence rates suggest that demand outstrips supply of extra care housing across Wales. This gap is likely to widen given that the population of older people is projected to increase dramatically in the future. Key points to highlight include

- Across Wales 3.3 units are supplied per 1,000 persons aged 65 years or older.
- The prevalence rate in the top five local authority areas was 6.8 units per 1,000 persons aged 65 years or over. If this rate is assumed to represent the required prevalence rate across Wales, it is estimated there is demand for 4,224 units. This would mean that there is a current undersupply of 2,159 units.
- The prevalence rate across England was 4.4 units per 1,000 persons aged 65 years or over. If this rate is assumed to represent the required prevalence rate across Wales there is currently demand for 2,749 units. This means there is a current undersupply of 684 units.

3.9 These projections are not intended to be instructive about how many new units of extra care housing need to be developed. A more productive approach is to view these projections as an estimate of demand for the particular combination of age appropriate accommodation and support and care provided by extra care housing. This demand can be met through various forms of (general needs and specialist) provision, not necessarily all through the extra care sector. The approach taken will depend upon strategic decisions made by local and national government about how to accommodate the population of older people.

**Developing Extra Care**

3.10 A key motivation amongst local authorities for encouraging the development of extra care in their area was to respond to the challenges of an ageing population and to help meet the housing needs of older people by increasing choice, improving housing quality and maintaining independence. The potential for extra care housing to deliver savings for health and social care was also identified as an important motivating factor by half of all local authorities and more than half of housing associations.

3.11 Nine out of 22 local authorities reported that they are not developing or encouraging the development of extra care schemes. This is a notable given that available evidence points to a gap between supply and demand. One reason for this appears to be the challenges local authorities and housing associations face developing and operating new schemes. Key amongst these was funding problems (capital and revenue). Ten local authorities reported that development work would commence or new extra care schemes will open in their area in the next two years.
The provision of general needs housing was most commonly identified as priority for local authorities when asked about increasing provision to meet the needs of older people in their area. In addition, few housing associations viewed the provision of specialist housing for older people as a priority. However, a majority (12 out of 22) of local authorities expect to see an increase in extra care provision in their area over the next five years. The vast majority of this new provision is expected to be for rent rather than shared ownership or owner occupation, reflecting an apparent lack of interest amongst private providers in developing extra care schemes in Wales. Access to public funding was recognised as critical to future development of new extra care schemes, but a majority of local authorities, housing associations and extra care scheme managers raised concerns about the availability of such funding in the future. While there was evidence that a small number of local authorities were exploring creative ways to supplement social housing grant with funds from other public sources (for example, the Viable and Vibrant Places programme), it was clear that the ring-fencing of Social Housing Grant to support the development of extra care housing has been the most effective approach to driving growth in extra care provision. Without ring-fenced SHG, the evidence from the majority of case study local authorities was that further extra care development was unlikely.

Providing Extra Care

There was a general consensus across sectors (housing, social care and health) and providers that extra care is an important part of local efforts to respond to the challenges of an ageing population and to increase the choice, improve the living conditions and maintain the independence of older people. The growth of the extra care sector was reported to have supported efforts to reduce the number of older people living in residential care, delivered savings for health and social care, supported delivery of the Social Services and Wellbeing Act, and provided an alternative to sheltered housing, which was sometimes reported to be in need of refurbishment or in the process of being decommissioned. There was evidence from across all six case studies that a shared interest in extra care had served to support the development of productive partnerships between housing and social care, although in most case study areas, it was reported that Health Authorities were less engaged in partnership working. Some schemes were well integrated into the local community, with members of the wider community using facilities in the scheme and scheme residents utilising services and facilities in the wider area.

Housing strategy officers reported that communal spaces increased the costs of development, and observed that the space used would have been better employed as dwelling units. In contrast, residents, scheme managers and onsite care
managers reported that communal areas and on-site services (in particular, on-site restaurants) were an important element of the extra care housing model and were well used. Two factors emerged as important in determining the use of communal spaces and on-site services. First, the availability of staff to organise and promote activities. In some schemes, reductions in staffing were reported to have limited the capacity of staff to organise activities. Second, the presence of residents prepared to organise community activities.

3.15 The vast majority of extra care managers (88 per cent) reported taking steps to maintain a balance of different needs amongst the residents of their scheme. A common approach was reported to involve trying to maintain an equal balance of residents with low, medium and high care needs. A number of respondents explained that the aim was to match the care needs of residents against staffing resources and the number of care hours available. This balance was maintained through the allocation process, with care needs of current and prospective residents being assessed by social services.

3.16 Some concerns were raised about the future of revenue funding, challenges covering operational costs and, consequently, the viability of the extra care model. Uncertainties about the LHA cap were highlighted as a key concern, prompting questions about the future affordability of extra care housing for residents. Some local authorities and housing associations were re-scoping the range of services and level of care and support provided in extra care schemes (whilst trying to maintain the key features of extra care), as well as exploring alternative (lower cost) options for meeting the housing and support needs of older people, including age designated housing with floating support and enhanced 'staying put' provision.

Providing Extra Care

3.17 Resident experiences of living in extra care were very positive. Residents valued the independence that extra care can afford, but welcomed the safety and security of living within a scheme. Reassurance was provided by having care and support available as and when required. High levels of satisfaction were reported with the accommodation, positive comments being forthcoming about design standards and accessibility, which made it easier for people to go about their daily lives. Communal facilities were reported to provide opportunities for social interaction that were valued by many residents. The general consensus was that extra care was an affordable housing option, although there was some confusion about what services were covered by the service charge. Many residents compared extra care favourably to sheltered housing and residential care.
Some concerns and areas for improvement were identified. These varied from scheme to scheme, but included concerns about the location of schemes and problems of accessibility, which could serve to limit access to services, amenities and opportunities for social interaction in the wider community. Some residents raised concerns about a lack of communal facilities. Concerns about the care and support provided centred on the rotation of staff and resultant difficulties developing a relationship with carers.

**The Costs Extra Care**

The total cost of developing 41 extra care schemes responding to the survey was just over £347,371,000 (in 2015 prices using GDP deflators). This implies the average cost (i.e. the cost efficiency) was £8,472,000. Of the total cost £18,562,000 (five per cent) was the cost of land and £281,499,000 (81 per cent) was the cost of works; including three per cent which was the cost of abnormals (costs which are not part of routine development). Comparing the total cost of developing the 41 schemes against the number of units, the number of bed-spaces and the area provided reveals that: the cost per unit was £179,600; the cost per bed-space was £119,700; and the cost per metre square was £1,600. Social Housing Grant (SHG) funded 55 per cent of the total cost of developing the 41 extra care schemes. Private finance funded 41 per cent of the cost and other public funding contributed the remaining four per cent.

**4. Recommendations**

4.1 **Recommendation 1**: Clarify the role specialist provision (including extra care) will play in meeting the housing needs of an ageing population. Local authorities need to have a clear understanding of the housing needs of older people and of local provision of specialist housing and support in order to plan strategically and work cooperatively to ensure people have access to appropriate and affordable housing in older age.

4.2 **Recommendation 2**: Public subsidy is vital to the future growth of the extra care sector. Further growth of the sector is likely to be dependent upon public subsidy, given the apparent lack of interest amongst private providers in developing extra care schemes in many local authority areas and the concerns of housing associations about the viability of new developments. In response, the Welsh Government might consider ring-fencing a portion of Social Housing Grant (SHG) to support further growth of the sector. Regardless, local authorities will need to
develop creative funding models that supplement SHG with funding from other housing, regeneration and renewal programmes.

4.3 **Recommendation 3**: Manage uncertainty in revenue funding and promote creativity in provision. Revenue funding is a key consideration when appraising the viability of new schemes and sustaining the operation of existing schemes. Funding streams have come under increasing pressure in recent years. This uncertainty is undermining confidence in the extra care model, impacting on the willingness of some local authorities and housing associations to pursue new developments and prompting some schemes to re-scope the range of services provided.

4.4 **Recommendation 4**: New developments should follow design good practice. It is important that schemes provide ready access for residents to the local community and associated amenities such as shops, leisure facilities and medical services to help prevent residents becoming isolated. Siting schemes within the local community can also serve to facilitate use of on-site facilities and services by non-residents and allow the scheme to fulfil its potential as a community asset.

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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