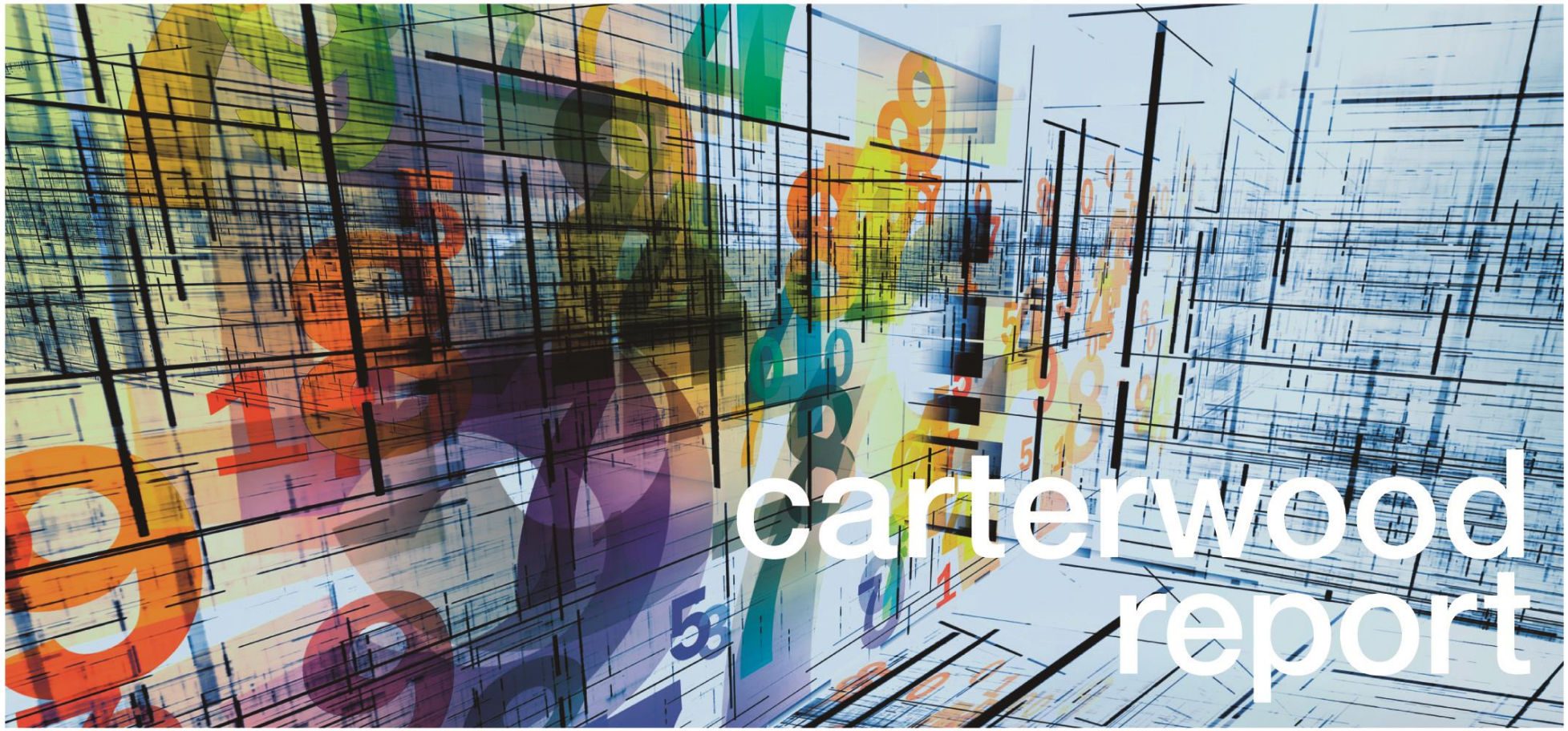

September 2019

Planning need assessment for Guild Living

Site at Epsom Hospital, Dorking Road, Epsom KT18 7EG

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Contents

EXECUTIVE SUMMARY

T1 Background

- Guild Living is seeking to develop a Care Community containing extra care apartments, transitional care suites, communal facilities, key worker accommodation and a children's day nursery on land at Epsom Hospital, Dorking Road, Epsom KT18 7EG.
- Carterwood Chartered Surveyors has been commissioned to prepare a need assessment in relation to the extra care element of the proposed development.

T2 Indicative need for private extra care units (2022)

Basis of assessment	Ref	Market (circa 5-mile radius)	Market (circa 3-mile radius)
Demand			
Population aged 75 years and above	-	38,595	14,590
Demand – based upon ratio of 40 persons per 1,000 population aged 75 years and above	-	1,544	584
Supply			
Current provision of private extra care units	1	56	36
Units pending decision	2	280	0
Units granted permission and not under construction	3	0	0
Units granted permission and under construction	4	53	53
Total supply of private extra care units	-	389	89
Need			
Indicative need including all planned private units (Supply equates to the sum of references 1, 2, 3 & 4)	-	1,155	495
Indicative need including units under construction (Supply equates to the sum of references 1 & 4 only)	-	1,435	495

T3 Conclusions and recommendations

- Our analysis for 2022, the earliest the subject scheme could be available, shows a significant unmet need for 1,155 and 495 private extra care units within the 5-mile market catchment and the 3-mile market sensitivity catchment, respectively, when all the existing provision and planned units are included.
- Our more realistic assessment of the balance of provision, where only private extra care units that are currently under construction are included, indicates an increased indicative need for 1,453 private extra care units within the 5-mile catchment with the need in the 3-mile catchment remaining at 495 extra care units.
- The indicative need is projected to increase rapidly during the coming years, with our projections to 2030 showing an unmet need for 1,441 and 603 private extra care units within the 5-mile and 3-mile catchments respectively, when all planned units are included.
- We conclude that there is both a compelling quantitative and qualitative need for the proposed scheme that is supported by the commissioning strategy of Surrey County Council.

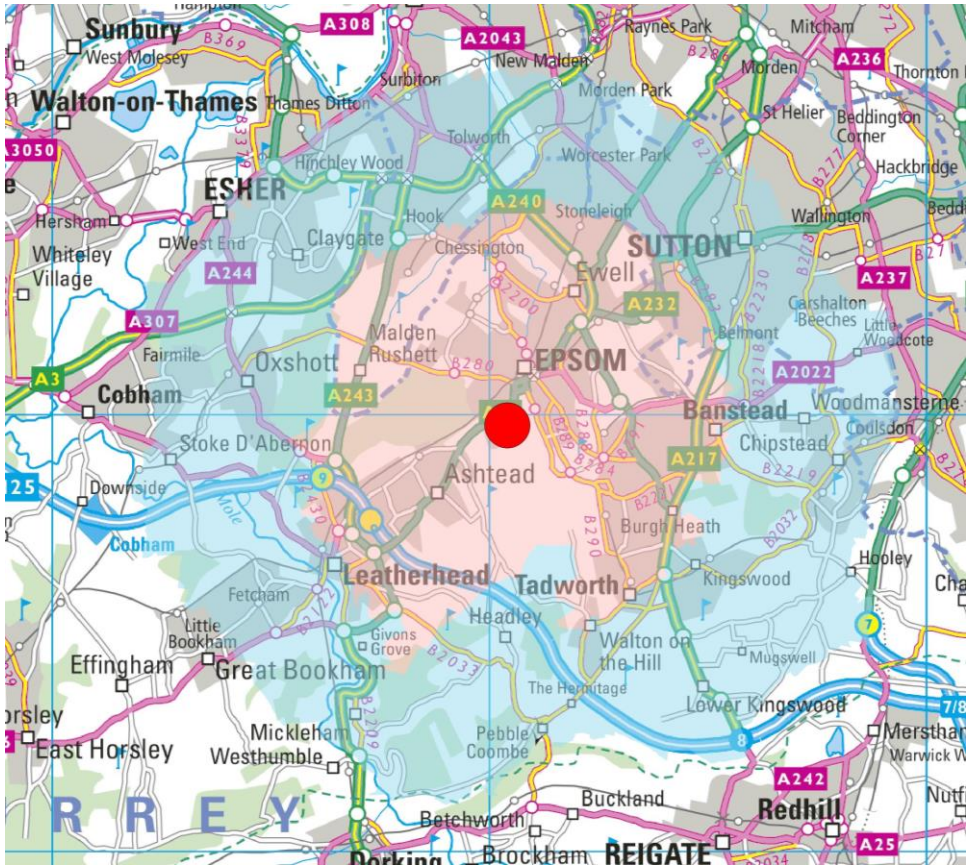

Figure 1: Location of the proposed scheme and our bases of assessment

Note: The subject site is indicated by the red dot. We have provided an assessment of need for the proposed private extra care units based on a market catchment, extending to circa 5-miles as shown shaded pink and blue. We have also provided a circa 3-mile sensitivity catchment, shaded pink.

T4 Local authority commissioning position

- The Surrey County Council commissioning document recognises that the supply of extra care housing should be increased and, as is the case with the majority of local authorities throughout England, there is a preference for further housing options for older people, including extra care, where care can be provided within a person's own home. The proposed scheme seeks to address this requirement.

INTRODUCTION

1. Introduction

1.1. Carterwood Chartered Surveyors has been commissioned to prepare a need assessment on behalf of Guild Living Ltd in support of a planning application for the development of a Care Community containing extra care apartments, transitional care suites, communal facilities, key worker accommodation and a children's day nursery on land at Epsom Hospital, Dorking Road, Epsom KT18 7EG.

1.2. Our need assessment relates to the extra care element of the proposed development, which we have been advised comprise 306 Guild Living residences and 20 Guild Care rental apartments. We understand the 20 rental apartments are intended for 'market rent' (as opposed to 'social rent') and we have therefore included these within our analysis for private extra care accommodation.

1.3. In this report, we have considered the national context together with a detailed study of the catchment areas of the proposed scheme.

Limitations to advice

1.4. Our report does not take account any implications or effects of the United Kingdom's future exit from the European Union ("Brexit") and whether this will be subject to an agreement. All advice given is applicable as at the date of the report. It may be appropriate to review this report upon clarification of the details of Brexit.

T5 Instruction summary

Client	Guild Living Limited
Site address	Site at Epsom Hospital, Dorking Road, Epsom KT18 7EG
Purpose of advice	Comprehensive planning need assessment
Date of terms of engagement	25 July 2019
Date of planning research	6 August 2019
Date of report	9 September 2019
Prepared by	Jessamy Venables BSc (Hons) MSc MRICS and reviewed by Peter Nurse BSc (Hons) MRICS.

2. Carterwood

2.1. The company has grown from two founding directors to a team of over 25, with active agency and valuation departments, and provides advice across the care sector to a range of operators, developers and other stakeholders.

2.2. Carterwood is a chartered surveying practice dedicated to the care sector, and has become the market leader in preparing consultancy advice in relation to the feasibility of new elderly care developments for both the private and voluntary sectors.

2.3. Examples of private sector clients who have regularly commissioned need assessments or site feasibility studies include:

- Porthaven Care Homes
- Gracewell Healthcare
- Hallmark Healthcare
- Care UK
- Caring Homes
- Signature Senior Lifestyle
- Barchester Healthcare
- Octopus Healthcare
- Retirement Villages
- LNT Care Developments
- Richmond Villages
- Audley Court Limited
- Four Seasons Health Care
- Legal & General

2.4. Similarly, examples of Carterwood clients in the not-for-profit sector include:

- Anchor
- The Royal British Legion
- The ExtraCare Charitable Trust
- Leonard Cheshire Disability
- Sanctuary Care
- Jewish Care
- Care South
- Healthcare Management Trust
- Greensleeves Homes Trust
- Milestones Trust
- The Orders of St John Care Trust
- Brendoncare

2.5. Carterwood's client base represents the majority of operators currently seeking to develop new care homes and extra care schemes in the South East of England. Accordingly, we are in an almost unique position in the sector, having assessed over 2,000 sites for a range of providers across a range of scheme types and care categories.

3. Our approach

3.1. Our report is split into sections as follows:

National context and key definitions

3.2. We outline some key definitions and background explanatory text for the social care sector. We also consider the national overview of the demand and supply factors currently influencing the extra care sector, with an emphasis on the growing demographic pressures in relation to the United Kingdom's ageing population.

The proposal

3.3. We present a description of the proposed scheme, its position on the elderly social care spectrum and research findings in relation to the wider benefits of extra care schemes for older people in the community.

Commissioning overview

3.4. We provide a review of the relevant strategy documentation from Surrey County Council.

Extra care need

3.5. We assess the existing and planned supply of extra care schemes within the market catchment area and the market sensitivity catchment as at 2022, the very earliest the proposed scheme could be made available. We include our methodology and outline the difficulties in assessing the demand for extra care units more generally in the private sector.

Conclusions

3.6. We provide our overall assessment of the extent of the unmet need for extra care units within the catchment areas. We also provide an overview of the key qualitative and quantitative factors influencing our opinion of need for the proposed scheme.

4. Sources of information

4.1. We have utilised the following sources of information:

- Census 2011 population statistics;
- ONS 2016-based population projections;
- LaingBuisson *Care Homes for Older People UK Market Report (29th Edition)*;
- LaingBuisson *Extra Care Market Summary 2010*;
- www.housingcare.org;
- Department of Health - www.doh.gov.uk;
- Relevant planning departments;
- Glenigan;
- Estates Gazette / The Radius Service;
- Planning Pipe;
- Land Registry;
- Housing LIN;
- Surrey County Council
- Tetlow King;
- The Joseph Rowntree Foundation;
- Demos.

NATIONAL CONTEXT AND KEY DEFINITIONS

5. Definition of extra care

5.1. Accommodation for older people has traditionally been limited to three options:

A. Remaining in the family home;
B. Moving into sheltered housing accommodation;
C. Moving into a residential care environment.

5.2. Extra care accommodation has evolved in recent years to respond to the growing demand from older people for greater choice, quality and independence.

5.3. As the supply of extra care has expanded so has the number of models and designs, making it difficult to define this form of accommodation. However, the Department of Health (DoH) has identified three common features. These are as follows:

A. It is first and foremost a type of residential accommodation. It is a person's own home. It is not a care home or a hospital and this is reflected in the nature of its occupancy through ownership, whether it be lease or tenancy;
B. It is accommodation that has been specifically designed, built or adapted to facilitate the care and support requirements of its owners or tenants;
C. Access to care and support is available 24 hours per day.

5.4. Extra care schemes, providing 24-hour on-site care and support, fall within Class C2 ("residential institution") of The Town and Country Planning (Use Classes) Order 1987. This is because they provide both accommodation and care/support on a 24-hour/day basis.

Extra care models

5.5. Extra care (often used as a generic term) is frequently referred to as a concept rather than a type of accommodation and the term covers a range of accommodation models.

5.6. Extra care housing is referred to by a number of names, again dependent upon whether the accommodation is operated by a provider/developer or social services. Current terms used include independent living, extra care, very sheltered housing, assisted living, category 2.5 accommodation and close care.

5.7. The accommodation options offered range from flats or housing to a small village model. The accommodation provided is available on a variety of tenures; shared ownership, long leasehold and rent (social and private).

5.8. Central to the philosophy of extra care is that it should provide a "home for life". The accommodation element of the scheme will not be registered by the CQC. The care required by the residents will be provided in-house.

5.9. All of the above are common traits of all forms of extra care accommodation, but similar to current market trends, three specific forms have evolved, which are differentiated as follows:

- Extra care – a standalone development of elderly housing with on-site care not operated in conjunction with a care home;
- Close care – elderly persons' accommodation linked to a registered care home;
- Care/retirement village/CCRC (continuing care retirement community) – large schemes offering an extended range of services for older people; often providing a range of accommodation types and with some including a registered care home on the site (although this is not compulsory).

5.10. The proposed scheme is the third of these models; i.e. 'care community' or 'care village' as it comprises a large development offering an extended range of services for older people with a range of care accommodation.

Other forms of elderly housing

5.11. There are other forms of elderly housing accommodation, which fall outside these definitions. The vast majority of elderly housing across the UK is made up of traditional sheltered housing. This, essentially, comprises a flat or apartment, generally one- or sometimes two-bed units in older schemes, where there is limited care and support on site, other than a resident warden and a small communal lounge. The main providers of this accommodation are either housing associations/registered social landlords (RSL) or private developers, amongst the largest of which are McCarthy & Stone and Churchill Retirement Living.

5.12. These forms of accommodation are not included within our analysis as they do not provide 24-hour on-site care and are not comparable to the application scheme. McCarthy & Stone do, however, provide an assisted living type service, which is different to the aforementioned sheltered housing and is more akin to extra care, as 24-hour care is available on site.

Typical extra care resident profile

5.13. There is a strong wish amongst elderly Britons to remain independent as long as possible. Extra care units appeal to this sentiment, given the style and design of the accommodation, and the creation of a valuable legal interest, i.e. sale on a long leasehold basis.

5.14. The decision to move into an extra care scheme is often strongly influenced by immediate relatives. The more confused the elderly person, the more this applies. Aspects such as accessibility and convenience for visiting relatives play a major role. Elderly people generally seek to move to care facilities either close to their own homes or close to relatives' homes. Sometimes, therefore, this may involve the resident moving away from his or her own area.

5.15. In operational extra care developments of which we are aware, the residents typically range in age between 70 and 90 years, with an average resident age of around 80 years.

5.16. Typically, single females occupy 65–70 per cent of units, married couples 20–25 per cent, and single males 10 per cent of the units.

5.17. The key issues leading people to move into extra care are health and care requirements, often prompted by the death of a spouse or partner.

6. Elderly population trends

6.1. The elderly UK population is set to grow dramatically over the coming years and the rapid increase in numbers of 65- to 84-year-olds is likely to continue to drive demand for both non-residential care, such as extra care schemes and other accommodation options, as well as care home beds.

6.2. LaingBuisson's *Care Homes for Older People UK Market Report (29th edition)* states that the percentage of the UK population over the age of 85 is projected to multiply more than five times, from 1.6 million in 2018 (2.4 per cent of the population) to c.8.5 million in 2111 (10.0 per cent of the population), while the 75- to 84-year-old segment will rise from 4.054 million in 2018 (5.9 per cent of the population) to 7.9 million in 2111 (9.3 per cent of the population).

6.3. The demand for care rises dramatically with age. Approximately 0.59 per cent of persons aged 65 to 74 live in a care home or in a long-stay hospital setting, rising to 14.80 per cent for the over-85s.

7. National provision

Extra care

7.1. Determining the size of the extra care market is dependent on the definition of 'extra care', which we discussed in detail in Section 5 of this report. According to LaingBuisson's *Extra Care Housing UK Market Report*, there were approximately 25,000 to 35,000 units within England. In 2009, RSLs in England owned 27,000 units within the category 'Housing for older people', many of which could be considered extra care housing. There were an additional circa 7,000 extra care units owned by local authorities, whilst in 2010, the Elderly Accommodation Counsel identified a further 44,000 dwellings in England that met its loose definition of extra care.

8. Key issues for the sector

8.1. The national requirement for the development of new care home beds and extra care schemes is growing. This is due to a number of factors, including:

- The increasing dependency level of service users;
- Increasing expectations from regulators and the marketplace;
- Many existing care homes are converted and are unsuitable for use in their current configuration without physical adaptation of the property;
- Constantly changing population demographics leading to a much older and more dependent population;
- The significant and growing increase in the incidence of dementia in older people;
- The increasing requirement for extra care and other alternative forms of housing accommodation as an alternative to care homes, where suitable for the needs of the residents.

8.2. In response to these changing demographics, market-based and regulatory factors, the subject scheme will meet a wide variety of requirements for the elderly population in the area.

THE PROPOSAL

9. Description of application proposal

9.1. The proposed care community will contain extra care apartments, transitional care suites, communal facilities, key worker accommodation and a children's day nursery.

9.2. This report provides a planning need assessment for the private leasehold extra care element of the scheme, which we understand will comprise 306 Guild Living residences and 20 Guild Living rental apartments. Integrated nursing care and assisted communal and support services will be available to those occupying the extra care apartments.

9.3. Communal care and wellbeing facilities will include a restaurant, café/bar, wellness centre, gym, library, craft room, therapy and treatment room and an occupational therapy centre.

9.4. It is anticipated that as a result of this development a range of job types, from higher grade management positions to care workers and ancillary staff, will be created.

9.5. Further detail in respect of the proposal can be found in the planning statement accompanying the application.

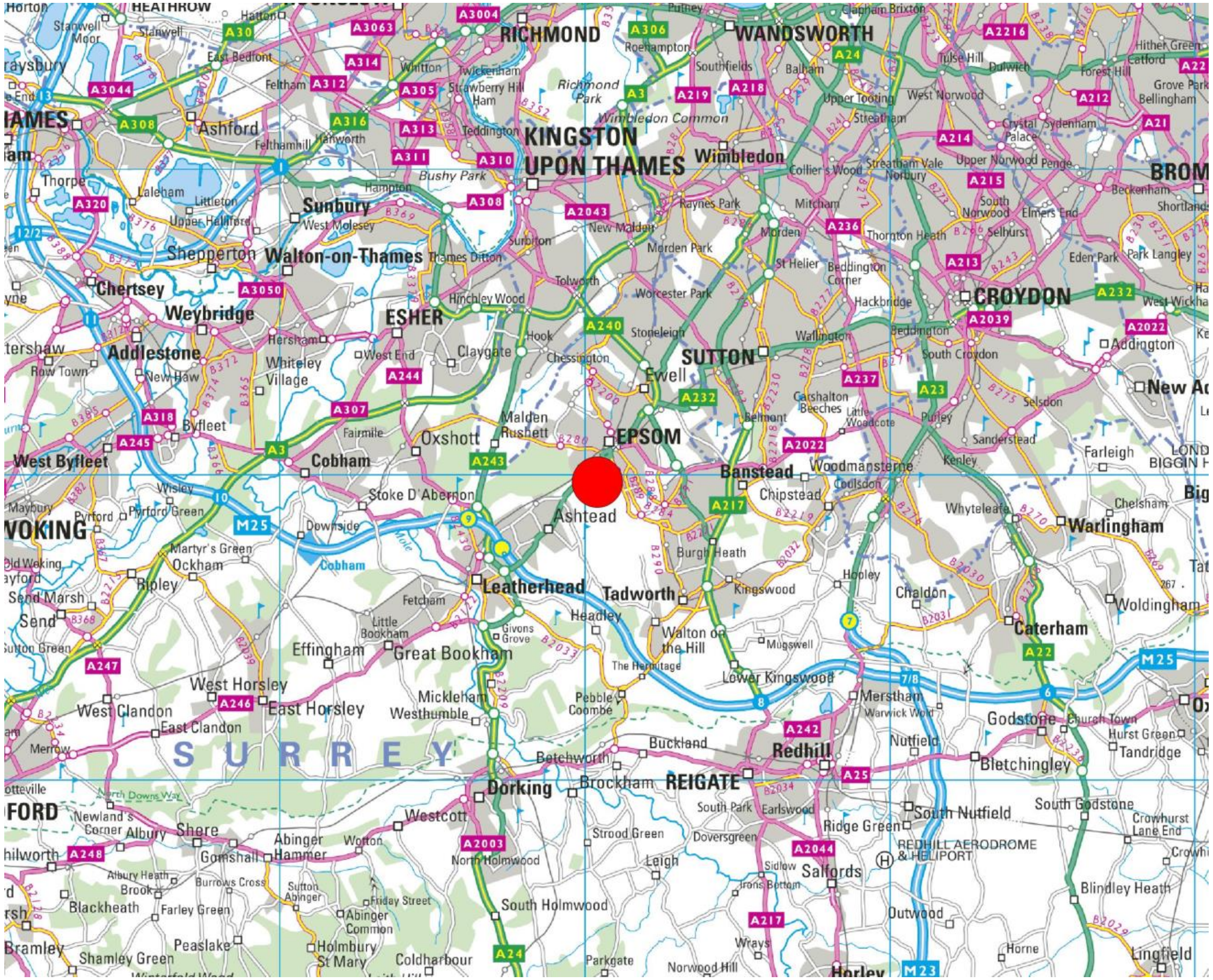

Figure 2: Location map of the subject site

10. The proposed scheme – its position in the local market

Elderly care spectrum

10.1. To illustrate where we consider the subject scheme lies within the various models of care provided in the UK long-term elderly care market, we have compared the proposed scheme against other accommodation types in respect of care provided, cost of care, accommodation type and regulation. Table T6, below shows the range of options available within this 'spectrum of care'.

10.2. Increasingly, prospective service users are delaying their decision to move into residential care until later in life, and sometimes the catalyst for a move is a fall or illness causing a short-term hospital stay. Due to the increasing requirements placed upon the NHS and hospital beds, as well as the introduction of delayed-discharge legislation which imposes fines for 'blocked beds' upon local authorities, hospital stays are increasingly shorter, and residential care at this higher level of dependency may be the only short-term option.

10.3. A substantial addition to the care provision element of the care spectrum below is informal/family care. An estimated six million people provide significant support to elderly relatives, neighbours and friends. This allows many thousands of people to remain in their own home, particularly when the support is alongside home care and/or day care.

10.4. The effect is to delay the person's move into a care home, maybe even to the extent of bypassing care homes altogether and only moving, when dependency is very high, into a nursing home or hospital. However, the burden placed upon the spouse or primary carer can be phenomenally high and there is very little accommodation available across the UK, other than extra care schemes, to meet these requirements. Thus, a range of care requirements and a range of services co-exist, sometimes overlapping considerably.

The proposed scheme

10.5. The subject scheme will cater to older people with varying dependency levels, and the units will create an environment that allows people with care requirements to maintain their independence for as long as possible.

T6 Elderly care spectrum

Accommodation	Standard housing	Sheltered housing	Extra care/independent living/assisted living	Care homes	Care homes with nursing	Hospitals
Care provided	Domiciliary care			Personal care	Nursing and medical care	
Cost of care	Low to medium and highly variable			Medium to high	High	Very high
Accommodation type	Standard housing	Specialist elderly housing		Residential setting		
CQC regulation	Regulated only if care provided			Highly regulated – all care and accommodation		
Proposed community			Requirements met in the proposed extra care scheme			

11. Tangible benefits for the wider community

Benefits to the housing chain

11.1. The subject scheme offers a unique combination of independence and security of lifestyle within a socially active and supportive community. Here, older people are able to continue to live in their own space, supported by a comprehensive and flexible network of personal care services and activities.

11.2. People moving into an extra care unit will release large family homes back into the community, which is key to offering more options for families living locally.

11.3. A report ("*The top of the ladder*", prepared in September 2013) by Demos, the leading cross-party think tank, has examined the above issue in significant detail. We have considered some of the key issues and findings raised as part of this research, and reproduced below:

'Retirement properties make up just 2 per cent of the UK housing stock, or 533,000 homes, with just over 100,000 to buy. One in four (25 per cent) over 60s would be interested in buying a retirement property – equating to 3.5 million people nationally.'

11.4. The above refers to retirement properties, which covers a broad range of housing types for older people.

'More than half (58 per cent) of people over 60 were interested in moving. More than half (57 per cent) of those interested in moving wanted to downsize by at least one bedroom, rising to 76 per cent among older people currently occupying three-, four- and five-bedroom homes. These figures show that 33 per cent of over 60s want to downsize, which equates to 4.6 million over 60s nationally. More than four in five (83 per cent) of the over 60s living in England (so not Scotland, Wales or Northern Ireland) own their own homes, and 64 per cent own their home without a mortgage. This equates to £1.28 trillion in housing wealth, of which £1.23 trillion is unmortgaged. This is far more than the amount of savings this group has (£769 billion). Therefore the over 60s interested in downsizing specifically are sitting on £400 billion of housing wealth.

'If just half of the 58 per cent of over 60s interested in moving (downsizing and otherwise) as reported in our survey were able to move, this would release around £356 billion worth of (mainly family-sized) property – with nearly half being three-bedroom and 20 per cent being four-bedroom homes.

'If those wanting to buy a retirement property were able to do so, this would release £307 billion worth of housing.

'Combining New Policy Institute (NPI) analysis of current market chain effects of older people dying and moving each year with our own analysis of ELSA, we can estimate that if all those interested in buying retirement property were able to do so, 3.5 million older people would be able to move, freeing up 3.29 million properties, including nearly 2 million three-bedroom homes.

'If just half of those interested in downsizing more generally were able to do so, 4 million older people would be able to move, freeing up 3.5 million homes.'

11.5. The report goes on to suggest a number of national policy recommendations to assist in overcoming these problems:

'Giving retirement housing special planning status akin to affordable housing, given its clear and demonstrable social value.

'Tackling S106 and community infrastructure levy (CIL) planning charges, which make many developments untenable and affect them disproportionately compared with general needs housing developments.

'Quotas and incentives for reserving land for retirement housing, and linking this to joint strategic needs assessment and health and wellbeing strategies for local areas.'

11.6. Whilst, to our knowledge, the above have yet to be implemented through any national or other local government policy, they serve to illustrate some of the hurdles faced by developers of older people's housing across the UK. The report's key conclusions are summed up in the following statement:

'We conclude by reflecting on the fact that the housing needs of our rapidly ageing population (the number of over 85s will double by 2030) is the next big challenge this government faces. And yet the costs associated with overcoming this are far lower than those related to the effects of the ageing population on health or social care. The money is there already – locked up in over a trillion pounds' worth of assets across the country. Hundreds of millions of pounds could be released to stimulate the housing market if (low-cost) steps were taken to unlock the supply to meet the demand already there – let alone if demand were further stimulated.

'While there must always be a place for social housing and affordable tenancy for older people, the vast majority of older people can be helped into more appropriate owner-occupied housing without any direct delivery costs incurred by government or local authorities.'

A social hub for older people

11.7. At a time when financial constraints are forcing some day care facilities to close, the subject scheme will fulfil an increasing requirement for a welcoming community where older people living locally, who may well be lonely or bored, can enjoy a variety of pursuits and experience activity, friendship and a sense of belonging.

11.8. These facilities will be available for use by healthcare professionals and GPs for consultation and services to prescribe or advise on fall prevention, physiotherapy or other care requirements residents may have.

A new concept in care

11.9. Government and local policy is driving provision of care and support firmly away from traditional residential care home settings towards new alternatives where the individual can remain in their own home. The proposed scheme is the provision of extra care accommodation that is fully in line with this strategy, providing care and support within an individual's own home at whatever level is required.

11.10. Domiciliary care and support can be provided to occupants of the extra care units in much smaller time segments than is possible to achieve in someone's own home in a traditional way. Often visits in traditional home care within a person's own home are limited to a minimum of 30 minutes or even an hour, which is very impractical to meet the requirements of the person concerned if they require a more bespoke service. In the subject scheme, escorting duties and home visits can be offered in time intervals tailored to the individuals needs to fully meet the social as well as care-driven requirements of the residents across the care dependency spectrum.

Impact upon existing health and social services and GPs

11.11. The subject scheme will not impact upon local doctors' surgeries as consultations can be held in-house within the subject scheme, which will allow GPs and district nurses to combine multiple visits into one trip. In addition, the presence of on-site staff and a detailed understanding of each resident will reduce the number of unnecessary trips to doctors' surgeries.

11.12. The concentration of individuals within one place should also assist in reducing the requirement for community nurses and there are obvious advantages of having residents within one geographic location.

12. Empirical research into benefits of care village schemes for its residents

12.1. The primary purpose of the recent literature on care villages has been to evaluate the success of existing schemes. In addition, while the volume of literature has gradually increased, to date there remain only a handful of papers that document and evaluate primary research from UK schemes. We have extracted the text below verbatim from a report prepared by Tetlow King, published in 2011, which summarises the empirical evidence available in respect of the benefits of care villages to the individuals who are cared for within the developments.

Planning and Delivering Continuing Care Retirement Communities (Tetlow King 2011)

12.2. *'There are two recent large scale longitudinal studies of CCRCs, one by Bernard et al. (2004) of Berryhill Village operated by the ExtraCare Charitable Trust and the other by Croucher et al. (2003) of Hartrigg Oaks, operated by the Joseph Rowntree Housing Trust.*

12.3. *'Both of these studies offer in depth accounts of living in retirement communities. More recently an evaluation of the first 10 years of Hartrigg Oaks has been produced by the residents and staff (JRF 2009). The other UK based studies cover smaller time frames (e.g. Evans and Means 2007) and so adopt different methods and sample sizes, ranging from around 15 participants to over 100. Another approach by Biggs et al. (2001) adopts a comparative analysis, comparing those within a CCRC to a sample from the wider community. This produces an effective analysis of life within a retirement community as it enables direct comparisons to be drawn. Across these evaluations a number of key themes can be identified.*

'Safety and Security

12.4. *'A number of sources refer to the sense of safety and security experienced by residents (e.g. Phillips et al. 2001, Baker 2002, Biggs et al. 2001). This is most often related to knowing that care staff are available on site day and night, and knowing that help is available across a range of domains, including home maintenance (Croucher 2006). It is also acknowledged that being in such a community reduces the risk of being a victim of crime or harassment.*

'Health

12.5. *'Within a CCRC, the onsite care provision ensures that all residents are fully cared for and supported. Hayes (2006) acknowledges that this provides residents with peace of mind from knowing that they can stay at home even if their care needs change. Throughout their comparative studies both Croucher (2006) and Biggs et al. (2001) found that the self-reported health status of residents within the village tended to remain much higher than those living outside.'*

'Impacts on the wider community

12.6. *'There are also wider community benefits of such provision. These include much faster discharges from hospital as well as lower admission rates (Idle 2003). Some literature sources describe a negative impact on local GP surgeries with the influx of older people; however in evaluating such evidence, Croucher (2006) expresses that such concerns may be overstated. The benefits to families are also important in terms of relieving them of the pressure to provide care and in particular freeing up for the younger generation larger units of family housing (Phillips et al. 2001; JRF 2009).*

'Social Inclusion

12.7. *'The issue of social inclusion is commonly cited as an important reason for moving into such a community. Social inclusion is a key theme throughout government policy and it is widely recognised that older age groups with reduced mobility increasingly suffer from social exclusion (Battersby 2007; OCSI 2009). It is well documented that CCRCs offer opportunities for companionship and social interaction. This occurs both formally within organised clubs or activities and informally within communal areas (see for example Bernard et al. 2007; Croucher 2006; JRF 2009; Evans and Means 2007 and Phillips et al. 2001). Some authors report instances of conflict or marginalisation of those who don't fit in with the norm (Croucher et al. 2006; Phillips et al. 2001). In general however this is heavily outweighed by the volume of evidence documenting the mutual support that exists between residents, creating a true sense of place and community spirit.'*

The Joseph Rowntree Foundation

12.8. In addition to the above commentary, we have mirrored the Joseph Rowntree Foundation paper published in April 2006 called "*Making the Case for Care Villages*". Drawing on previously published studies and data from an on-going comparative evaluation of seven different housing with care schemes for older people they found that evidence shows very clearly that older people see Care Villages as a positive choice.

12.9. We have extracted a few examples of the research that underpins the key observations made on the benefits.

12.10. *'Care Villages also play an important role in promoting health and well-being. Increased opportunities for social interaction and engagement can reduce the experience of social isolation, with consequent benefits to health, well-being, and quality of life…'*

12.11. *'...Living in a purpose-built, barrier-free, efficiently heated environment removes many of the difficulties and dangers of living in inappropriate accommodation, in particular the risk of falls. Resident groups can be effectively targeted for health promotion initiatives... On-site catering services can promote healthy eating, and cater for particular dietary requirements and ensure that everyone has the opportunity to have a hot, nutritious meal every day.'*

COMMISSIONING ENQUIRIES

13. Documentation review

13.1. We have conducted a full review of the following documentation:

- *'Surrey's Market Position Statement for Older People's Services 2015',* prepared by Surrey County Council in partnership with the Clinical Commissioning Groups (CCGs);
- *'Extra Care Housing Market Position Statement September 2014–August 2015'* prepared by Surrey County Council;
- *'Strategic Housing Market Assessment for Kingston upon Thames and North East Surrey Authorities – June 2016'*;
- *'Surrey Joint Strategic Needs Assessment – (Multiple Morbidities and Frailty)'* (continuously updated);
- *'Accommodation with Care and Support Strategy'*, Surrey County Council (website)

13.2. We have provided, verbatim, relevant extracts of the documents in relation to elderly care below, together with our conclusions.

Surrey's Market Position Statement for Older People's Services 2015

'An ageing population:

13.3. *'In line with the rest of the country, Surrey's population is ageing. Whilst the 2011 census shows that the Surrey population increased by 6.9% in the space of ten years, people aged 65 and over has represented the fastest growing age group (13%). Of this group the "oldest old" (i.e. people aged 85 or more) grew at an even faster rate, by 25.5% over the decade (see Figure…)'* (page 4).

Figure 3: 65+ population distribution in Surrey – a comparison between 2012 and 2020

13.4. *'This trend of an ageing population is set to accelerate in future. It is estimated that the 65+ population will grow by almost 17% and the 85+ population by over a third from 2012 to 2020, as shown below…'* (page 5).

T7 65+ population growth estimates for Surrey, 2012 to 2020

	2012	2020	% change
People aged 65–69	60,700	56,900	-6.3
People aged 70–74	43,600	60,100	37.8
People aged 75–79	38,000	44,500	17.1
People aged 80–84	30,100	34,400	14.3
People aged 85–89	19,500	24,300	24.6
People aged 90 and over	11,900	17,700	48.7
Total 65+ population	203,800	237,900	16.7
Total 85+ population	31,400	42,000	33.8

13.5. *'As with advancing age people are more likely to develop long term conditions, illnesses and (particularly amongst the oldest old) frailty, health and social care services are expected to subject to increases in demand as more and more people require treatment and support. Having said this, Surrey residents (with the exception of some areas of relative deprivation should, on average, expect to live longer, and be at less risk of developing long term conditions, than their peers living in other areas of England'* (page 4).

13.6. *'It is therefore essential that we work closely with the market to ensure that we have in place an appropriate infrastructure for care, which gives people the right support at the right time and in the right place, and which responds to the demands of Surrey's older population'* (page 4).

'Our overall approach to the social care market for older people:

13.7. *'Part of the solution to supporting our changing population appropriately and well is to challenge many of the common assumptions people hold about ageing. The fact that people are living longer is a cause for celebration, and it should be noted that ageing affects individuals in different ways - some people will live long lives with few health and social care needs, whilst others will rely on long term support. The population aged 65 and over is not homogenous, with as wide a range of interests and concerns as people of other ages. Despite this, older people are frequently stereotyped as passive recipients of care and support, with fewer aspirations and more restricted lives than their younger counterparts'.* (page 7)

13.8. *'The Government responded to this disconnect between the perception and reality of how older people lead their lives through two programmes:*

- *The Ageing Well agenda, which supports councils and local communities to provide a better quality of life for older people through local services that are designed to meet their needs now, and in the future, whilst recognising the huge contribution that people in later life make to their local communities.*
- *The Prime Minister's Challenge on Dementia, which seeks to change the whole of society, through not only enabling better research into the condition and improving health and social care services but also through creating dementia friendly communities.'* (page 7)

'Working together with Health:

13.9. *'Established formally in April 2013, the Surrey Health and Wellbeing Board operates as a statutory body to improve the health and wellbeing of people living in Surrey. It has since developed a Joint Health and Wellbeing Strategy, which articulates the joint vision of Surrey County and the Clinical Commissioning Groups, and outlines the health and wellbeing priorities identified by Surrey residents. One relates directly to older people with the following desired outcomes:*

- *Older adults will stay healthier and independent for longer*
- *Older adults will have a good experience of care and support*
- *More older adults with dementia will have access to care and support*
- *Older adults will experience hospital admission only when needed and will be supported to return home as soon as possible*
- *Older carers will be supported to live a fulfilling life outside caring.'* (page 8)

13.10. *'We recommend that all organisations involved in delivering support to older people:*

- *Consider how they currently meet the outcomes identified for older people in the Joint Health and Wellbeing Strategy, and can produce evidence to support this*
- *Explore opportunities to support both health and social care outcomes in the delivery of care and support, e.g. assisting people to live independently, taking steps to reduce hospital admissions, helping people to return home from hospital.'* (page 9).

'Supported housing:

13.11. *'As with other age groups, older people have a wide variety of housing preferences, and they desire housing which is well designed, well located and fully accessible. In encouraging older people to consider their future care and support needs we would like them to include housing within their calculations, as this can make a significant difference to their long-term health and wellbeing. Whilst appropriate adaptations can help people to live in their existing home, some environments may prove unsuitable due to the design of the premises, with an increased risk of falls and hospital admissions. The NHS Future Forum estimates that in one year alone, the NHS spends £600m to treat injuries sustained by people living in poor housing.'* (page 17)

13.12. *'We recognise supported housing (which is a term that covers a range of housing types and support services, including sheltered housing, assisted living and extra care) as a valuable housing option, and positive choice, for people whose needs are not being met within standard accommodation. These environments may, depending on the type of facility, offer security, reassurance and support through on-site management and home based care services, and ideally assist people to live in the community for the rest of their lives. In addition, in an evaluation of nineteen extra care housing schemes between 2006 and 2008, the Personal Social Services Research Unit at the University of Kent found that the schemes were more cost-effective for people with the same characteristics who moved into residential care'* (page 17).

Extra Care Housing Market Position Statement September 2014–August 2015

'Extra care housing – what is the purpose?

13.13. *'The primary purpose of Extra Care housing should be to enable people who have care and support needs to remain living in their own homes. This is achieved by the delivery of flexible care and support based on individual need, which can be increased or decreased as required. The building and the services provided within should be designed with "smart" technology to encourage independent living for people with physical disabilities or cognitive disabilities. Extra Care housing can also be an option to support residents who may develop dementia or who may have lifelong disabilities or cognitive impairments. There should be no difference to living in the wider community. Extra Care housing can also support people to meet needs at end of life at home if that is their choice'* (page 2).

'The value of extra care housing

13.14. *'Surrey County Council recognises that public and private developments of Extra Care housing (also known as Assisted Living Developments in the private market), are a popular form of accommodation for Older People wishing to remain within their own home, with appropriate care and support services available should they need it.'*

13.15. *'In Surrey, it has long been recognised that high quality accommodation like this plays a key part in preventing older people from needing more intensive care*

services. Enabling people to remain in their own homes for as long as possible has been a key driver behind much of Surrey County Council Adult Social Care policy in recent years, and as such the provision of Extra Care housing is seen as a real asset towards achieving this goal' (page 2).

'Future opportunities for extra care housing

13.16. *'Whilst publicly funded Extra Care housing developments focus primarily on older people who are on Borough and District Housing Registers, we are aware that Borough and District planners are currently receiving new applications for a range of specialist housing facilities for private rent or purchase, in particular for "extra care-type" developments which, in some cases, include a nursing home on-site. It is clear from this that Surrey is favoured as a target area for Extra Care & Supported Housing providers, who recognise the relatively high levels of housing equity held by older people in the county.'*

13.17. *'Although our knowledge of how this aspect of the market operates is currently very limited, we will support any partnership work with Borough & District Councils to develop both publicly and privately-funded Extra Care housing, which respond to local need and which meet the wishes and aspirations of residents in a planned, flexible and personalised way. To this effect, Surrey County Council will promote the development of Extra Care housing that:*

- *Provides self-contained accommodation to older people in housing need.*
- *Promotes independence and social inclusion.*
- *Works alongside other services to meet an individual's needs.*
- *Has the infrastructure to deliver both care and support in a planned, person centred way*
- *Makes greater use of Personal Budgets'* (page 3).

'Our commissioning intentions

- *'For our funded extra care schemes, ensure that the model of care and support delivers person-centred care and which enables residents to exercise choice and control*
- *Build our market intelligence regarding Extra Care & Supported Housing in Surrey, especially with regard to facilities focused on self-funders, and recognise and share best practice in both care and support delivery and housing design*
- *Work together with Borough & District Councils in understanding the long term benefits of Extra Care & Supported housing provision, and to maximise the utility of existing and future Extra Care housing schemes*
- *Support Borough & District Councils in seeking opportunities for the development of Extra Care housing schemes locally according to locality intelligence'* (page 4).

Strategic Housing Market Assessment for Kingston upon Thames and North East Surrey Authorities – June 2016

'Older people

13.18. *'As a proportion of the overall population, the percentage of those aged 65 or over is forecast to increase by 4-7 percentage points by 2037 across the HMA.* [Housing Market Assessment]. *This represents a 75% increase on current numbers of households with older people in them.'*

13.19. *'There is forecast to be 28,000 people aged over 85 in the HMA, an increase of 133% on current numbers.'*

13.20. *'70% of single older people and 84% of older couples own their own homes outright, implying there is considerable equity available to meet housing needs. However 26% single older people and 9% of older couples are in the social or private rented sectors and will not have these assets.'*

13.21. *'Older people tend to under-occupy housing, implying that if they downsize this would free up more family-sized accommodation in all sectors.'*

13.22. *'Across the HMA there is a surplus of sheltered accommodation (particularly in the social sector), but a deficit of enhanced sheltered and extra care. However, to ensure future demand is met, 235 additional units per annum of all types of specialist accommodation will be required until 2035. This requirement is within the OAN* [objectively assessed need]*, not in addition to it.'*

13.23. *'In terms of tenure, across all types of specialist accommodation, an increase in the proportion of leasehold or owned accommodation is forecast. However, in spite of the relative affluence of older people in the HMA, it will be important to ensure that developments remain within reach of those on lower incomes, or with less equity'* (page 167).

'Demand

13.24. *'When looking at supply of (and demand for) specialist accommodation for older people, this SHMA restricts itself to the forms of accommodation that would be normally termed "housing", including sheltered, enhanced sheltered, and extra care. It therefore excludes accommodation that primarily caters for those with care, nursing and medical needs – residential and nursing care. It is noted however that*

the need for residential care may be reduced if there is provision of appropriate "extra care" sheltered housing.'

13.25. *'Stakeholders particularly noted the value of extra care as an alternative to care homes, and suggested that planners need to be aware of the needs of all types of older people in new developments, not just those looking to downsize. This was linked to local authority responsibilities under the Care Act 2014, to provide a range of accommodation to help people remain independent for longer, and the consequent need for good liaison between planners and health/social care departments to deliver this alongside bricks and mortar accommodation'* (page 173).

13.26. *'Estimating supply is not a very precise science, particularly because of the move away from standard "sheltered" schemes to more flexible and integrated housing and support options, as well as the development of extra care schemes that blur the boundaries between housing and care-based accommodation. There is no official data that summarises either social or private sector supply. The best source of data is the Elderly Accommodation Counsel (EAC) statistical base. The associated SHOP (Strategic Housing for Older People Analysis Tool) modelling tool also summarises supply. The other source of supply and demand data for London authorities only is the GLA-commissioned study to update earlier estimates of housing demand and supply for older persons, following the availability of Census data.'*

13.27. *'These figures also need to be seen in the context of likely future demand for older people's accommodation. The SHOP toolkit does not give net annual demand, but takes a "snapshot" based on 2014 patterns, and then estimates of future requirements. It forecasts that by 2035 overall demand will have increased by between 67% (Elmbridge) and 80% (Kingston), with an average increase of 73% across the HMA. Linked to this stakeholders also mentioned that there is a "split" between demand and take-up of specialist accommodation, between local people who want to downsize or move to somewhere more suitable in the area; and people wanting to move into or back to the area, to be close to their families (this was particularly a feature in Mole Valley)'* (page 175).

13.28. *'In terms of how this breaks down, Table* [T8] *extrapolates from the SHOP data likely additional requirements by 2035, by type of accommodation and local authority, and further breaks this down into annual additional requirements to meet future need, based on the SHOP assumptions. More generally, the SHOP toolkit offers guidance on how authorities can plan for the market split between different types of accommodation. Although a date is not set, based on principles described in Housing in later life: planning ahead for specialist housing for older people, a national model of moving from 75%/25% leased to 33% rented/67% leased over time is proposed. This is nuanced by the degree of affluence or deprivation in a particular area. We suggest that all the SHMA authorities fall into the "affluent" or "very affluent". However, although stakeholders commented on the 'mismatch' in provision (that is, most sheltered housing is in the social sector, but most demand is from the owner-occupier sector), they also noted that the private market is increasingly skewed towards the more expensive end, and developments are often out of reach for people with lower levels of equity or income'* (page 176).

T8 SHOP annual demand forecast

	Sheltered housing for rent	Sheltered for lease/ ownership	Enhanced sheltered	Extra care	Additional units 2015–2035	Annual additional units
Elmbridge	624	351	156	195	1,326	66
Epsom & Ewell	259	329	94	118	800	40
Kingston	829	220	168	209	1,426	71
Mole Valley	552	298	136	170	1,156	58

Source: Housing LIN SHOP toolkit

13.29. *'In this context, some authorities (for example Elmbridge) have commented on the relative abundance of rented sheltered, but that there is scope for additional leasehold/sales provision. And as noted in the preceding paragraphs, the prevalence of owner occupiers likely to have available equity also indicates the scope for moving more towards leasehold provision, while maintaining an affordable rented sector for those in need of elderly-specific accommodation, but unable to afford it directly'* (page 177).

Surrey Joint Strategic Needs Assessment – Multiple Morbidities and Frailty

13.30. *'The availability of Extra Care apartments has been recommended at a ratio of 25 per 1000 people, and yet the national average remains a disappointing 11. In Surrey, we have on average 7 Extra Care apartments per 1000 people over the age of 75 (820), of which nearly 70% are funded by SCC. Geographical distribution is highly variable, with rates as high as 14 apartments per 1000 people over 75 in Guildford and as low as 5 apartments per 1000 people in Waverley.'*

13.31. *'Evaluations in Surrey show that Extra Care can provide an appropriate alternative for people with complex medical and social needs, the socially isolated and people with unsuitable (or no) accommodation. Cost comparisons of Extra Care in Surrey*

also demonstrate potential gross savings from reduced ongoing care package costs, residential placements and unplanned admissions to hospital.'

13.32. *'We need 750 Extra Care apartments in Surrey (600 to be funded by SCC) to bring the current ratio to 10 beds per 1000 people. The burden of the frail elderly is more visible in NW Surrey and Surrey Downs and the low number of Extra Care schemes could represent a gap upon which we can capitalise to try to prevent further deterioration and development of frailty.'*

13.33. *More investment in age-friendly and desirable housing could improve people's chances of remaining at home and avoiding long term institutionalisation according to the Anchor Trust and the All-Part Parliamentary Group on Housing and Care for Older People. One example of this is 'Extra Care housing'; these are self-contained homes with design and support features to enable self-care and independent living. Extra Care promotes a two way community interface, in which individuals are encouraged to participate in the local community and engage in activities. It can vary from 'very sheltered housing' to something more akin to a retirement community.'*

13.34. *'The Extra Care Housing in East Sussex has been suggested to be on average half the gross cost of alternative placements ranging from domiciliary care to full nursing care. An estimated 63% of people in Extra Care schemes in East Sussex would have needed residential/EMI/nursing care had they not been in Extra Care. More specifically, 37% would have been in residential care, 4% would have needed EMI care and 15% would have required nursing care. The best impacts and financial returns were from clients at the high end of the medium dependency spectrum and capital invested by East Sussex Council was recovered between 1.5 and 3.3 years. Extra Care can also provide support to intermediate care and rehabilitation and help to improve the ailing relationship between housing, health and social care'* (website – page numbers not available).

Surrey County Council – Accommodation with Care and Support (website)

13.35. *'We will actively work to deliver the best options of accommodation with care and support to Surrey residents. We will do this by integrating our approach across health, care and the community, and re-shaping the market to ensure everyone has access to the right support regardless of tenure.'*

13.36. *'Surrey's population is increasing and ageing. By 2035 there will be more than 24% of the local population over the age of 65 and a 75% increase in dementia prevalence in the 65+ population.'*

13.37. *'Accommodation trends indicate a declining demand for residential care, a growing popularity of Extra Care housing and an increase in people being supported to live independently. Demand for nursing care in Surrey is projected to increase due to people living at home longer and needing more intensive services later in life.'*

13.38. *'We need to be able to offer residents the right accommodation options to meet their health and wellbeing needs, in a way that supports them to live as independently as possible. We recognise that there will still be a role for traditional care services in Surrey in the future but will look more creatively at how care and support can be integrated into accommodation to reduce the need for those traditional services for most residents.'*

13.39. *'Extra Care Housing, Assisted Living, Supported Living and Supported Housing are valuable housing options, and represent positive choices for people. These forms of accommodation can assist more vulnerable adults to live within their local community through: multiple tenure options, peace of mind and reassurance, flexible care and support designed around the individual and the integration of digital technologies and adaptations'* (website – page numbers not available).

Conclusions

13.40. Our review of the Surrey strategy documentation provides evidence that additional extra care accommodation is required in the county. This is in line with the majority of councils' commissioning strategies across the country in that it is seeking to reduce the volume of residential care commissioned and increase community-based services, with older people living in their own homes for as long as possible.

13.41. We note that the Joint Strategic Needs Assessment states that nearly 70 per cent of existing extra care apartments are funded by Surrey County Council. It suggests that a further 750 extra care apartments are required, with 600 of this requirement being funded by the council. The suggested increase in extra care would only serve to increase its availability to 10 units per 1,000 aged over 75, against a recommended 25 per 1,000 aged over 75.

13.42. In any event, the proposed increase does not appear to provide adequate provision for private extra care accommodation. As a large majority (77 per cent) of householders in Epsom and Ewell own their own home, more than a third (36.8 per cent) outright and 40 per cent with a mortgage (Surrey-I, census 2011), the provision, availability and choice of quality older people's extra care is paramount to older residents, to provide an alternative to privately funding a place in a care home.

13.43. Home owners comprising the bulk of households in the borough will not meet housing list criteria and will not be eligible for 'affordable' extra care developments. It is therefore critical that additional private supply is made available to meet such requirements to enable older people to remain in their local communities and promote downsizing.

13.44. What is evident is that there is an increasing requirement for well-designed accommodation suitable for the provision of care as an alternative to a move into a residential care home. The form of new provision is recommended to be decided at local level and take account of specific requirements and existing supply.

13.45. It is not in doubt that Surrey has a requirement for additional older people's housing and care. The question that the above documentation relates to is the quantity that needs to be developed to satisfy both funded and self-funded older people, together with current and future need.

13.46. The subject care community scheme will seek to address this requirement by providing additional extra care and will assist in addressing national concerns over the lack of specialist accommodation for older people. It will provide older home owners with a high quality extra care accommodation option to facilitate downsizing from their existing home. The extra care will provide a local, more cost effective alternative to a residential care home, in an environment where residents can maintain their independence for as long as possible.

NEED ASSESSMENT FOR PROPOSED EXTRA CARE

14. Difficulties in assessing demand for extra care

14.1. Extra care housing in its current form is a relatively new concept and there is a lack of an industry-recognised measure, equivalent to LaingBuisson's Age Standardised Demand model, of estimating demand for care home beds.

14.2. LaingBuisson's own *Extra Care Housing UK Market Report* does not provide a tool for assessing demand, but instead refers to a number of demographic factors that are likely to influence demand, as follows:

- an expansion of the older population;
- a reduction in the pool of young adults available for training as nurses or care assistants to work in the community or care homes;
- an increase in the number of middle-aged people looking after children and a parent;
- an increase in the proportion of older people with a living child;
- changes in the health and dependency levels of older people;
- changes in the patterns of immigration by potential care workers and emigration by trained care staff.

14.3. The difficulty in trying to accurately assess demand for extra care housing is that, due to the relatively new nature of the product, there is no position of over-supply upon which to assess a position of balance. Essentially, the additional supply creates "demand" when it is developed.

14.4. Notwithstanding the difficulties identified in the previous section, in our methodology we have utilised a number of key assumptions to identify a potential market size for prospective purchasers of a private leasehold extra care unit.

15. Methodology to determine need for extra care

15.1. Taking into account some of the difficulties in assessing demand for extra care we have, in our assessment of need for extra care units, utilised a toolkit for producing accommodation strategies for older people which is detailed below.

Demand

15.2. In 2011, the Housing Learning and Improvement Network (LIN) first published the Strategic Housing for Older People Resource Pack (SHOP). The SHOP analysis tool is a method used to forecast the demand for specialist housing for older people in England and Wales. It is endorsed by the Department of Health and Care Services and the Welsh Government and provides data on the likely requirement for specialist housing for older people and care home bedspaces. It is used by local authorities' planning and social care teams in order to understand their existing supply and enable informed decisions to be made with regard to current and future demand for appropriate care and housing provision for older people.

15.3. The approach used in SHOP seeks to balance the conventional estimates of demand against the direction of policy (for example, in relation to enhanced sheltered and extra care forms of accommodation) and demand in the market (in relation to ownership options) in all forms of specialised provision for older people. The key factors include: the substantial increase in the elderly population demographic, the high proportion of those aged over 65 living in property that they own (although this is not always suitable) and the rapidly increasing cost of caring for the elderly population.

15.4. It also considers that understanding the pace and scale of growth of the elderly demographic in a particular locality is not the same as predicting future demand for particular types of accommodation and/or care. Although residential care homes and nursing homes were traditionally seen as the main option for those with increasing care needs, demand for residential care beds has started to decline due to local funding policies and the availability of new forms of accommodation and care.

15.5. Until recently, new forms of provision such as 'housing and care' were not widely recognised as providing an alternative to residential care. Such accommodation is becoming more sought after; maintaining an individual's independence within their own, specifically designed property, the provision of a range of services and, most importantly, where increasing levels of care can be bought in as requirements change. The report considers the factors involved in this change including: longevity, drugs and treatments, accessibility/availability, wealth, attitude to risk and information about services.

15.6. SHOP asks, 'What accommodation do people want?' The report provides a breakdown of people's preferences should they require care. The highest percentage (62%) chose to stay in their own home with care and support from friends and family. However, it questions whether this decision may have been heavily influenced by limited choice rather than real preference. Furthermore, it cites that an individual's choice is influenced by their care professionals, family and friends and the choice comes down to what is actually available in the local community with a decision often taken following an event (a fall, crisis or illness etc), when care requirements are greatest.

15.7. SHOP suggests indicative levels of provision of various forms of accommodation for older people, including private extra care available for sale on a long leasehold basis. According to this approach, the toolkit indicates that per 1,000 of the population aged 75 years and above there is a requirement for 30 units private leasehold extra care units. Essentially this suggests that a total of 3 per cent of the elderly population will require an extra care housing unit in any given area. It also suggests that a further 10 units per 1,000 of the population over 75 years of enhanced sheltered housing for sale are required (defined as provision with some care needs or provision of on-site amenities/facilities for residents), which we have included within our analysis.

15.8. Projections of demand for the various forms of care and accommodation are therefore not easy and depend on a number of factors in each locality. The estimates of demand for sheltered housing, enhanced sheltered housing and extra care per thousand of the relevant 75+ population used in SHOP were based on evidence of elderly persons' preferences in 2011.

15.9. During the past 7 years or so, there has been considerable change with regard to the availability of funding, and local authorities are seeking alternative, more cost effective means of providing care and accommodation. There has also been a significant increase in the development of extra care housing and the wider recognition of the many benefits of this form of accommodation and care by the elderly population.

15.10. The Housing LIN recently announced that they are in the process of updating their SHOP analysis resource pack as a result of the Government's Social Care White Paper 'Caring for our future'. The Paper is committed to providing support to help local authorities develop their market capacity to provide greater choice for users and drive up quality in care standards. Since the first edition of the SHOP toolkit we consider that the increasing availability and knowledge of new forms of accommodation and care is likely to have increased demand for these schemes set against a decline in demand for residential care.

15.11. There are many reasons for promoting the development of a wide range of care and accommodation options for older people and its availability can reduce the demand for community care and support. Research from Aston University has recently shown that the NHS saved more than £1,000 per year on each resident living in Extra Care Charitable Trust's schemes between 2012 and 2015. It also frees up family housing at the time when the level of under-utilisation is often at its greatest and can enable older people to retain their housing equity whilst benefitting from the improvements in design, economy and security that such schemes can offer.

15.12. Given the national and local agendas to support people in the community within their own homes or extra care accommodation, it is expected that the future requirement for extra care provision will increase due to the increasing awareness of the benefits of extra care. We await a response from the Housing LIN with regard to timescales for their review of the SHOP toolkit which we understand will include future prevalence rate projections that reflect market aspirations and commissioning intent and will also take into account varying leasehold percentages depending upon the relative affluence of the locality.

15.13. Please refer to the Strategic Housing for Older People (SHOP) Resource Pack on the Housing LIN website for full details of the methodology.

15.14. Carterwood has been involved in numerous successful planning applications and has submitted need assessments using an identical methodology to that prepared as part of these submissions, where the need case has been accepted by the relevant local authority during the application process. Examples are:

- Land at Parklands, Bittams Lane, Chertsey, Surrey, KT16 9RG (planning reference: RU.14/0085): Development to provide a two-and-a-half-storey building for use as a 70-bed care home and a three-and-a-half-storey building for use as 50 extra care apartments (revised description 22/01/14);
- Former Redwood Lodge Hotel, Beggar Bush Lane, Failand, Bristol, BS8 3TG (planning reference: 15/P/0574/F): Demolition of existing Hotel (Use Class C1) and erection of a retirement care community (Use Class C2 - Residential Institutions) consisting of 124 apartments with associated communal facilities, including restaurant, spa and library. Alterations to landscaping including a significant reduction in the hard landscaping for the car parking area;
- Land adjacent to Harper Fields, 724 Kenilworth Road, Balsall Common, Coventry, CV7 7HD (planning reference: PL/2014/00602/FULM): Erection of 39 extra care units comprising four one-bedroom and 19 two-bedroom apartments along with 12 two-bedroom and four three-bedroom bungalows, with associated access parking and landscaping;

- Land adjacent to Penarth House, Otterbourne Hill, Otterbourne, Winchester, SO21 2HJ (planning reference: F/15/77022): Erection of dementia care centre comprising 64 care beds and 20 one- and two-bed extra care apartments, with associated access off Otterbourne Hill, car parking, amenity space, boundary treatments and landscaping;
- Former Brunel University Site, President Hall, Coopers Hill Lane, Englefield Green, Egham, TW20 0LB (planning reference: RU.16/1812): Part demolition and part retention of existing building to create 78 two-bedroom extra care apartments, with associated landscaping, parking and works.

15.15. In each instance, the SHOP toolkit was accepted by each respective council. However, this method of assessing demand is a relative rather than absolute measure of need and therefore cannot be considered as a definitive assessment of need. This notwithstanding, we consider this method provides as good a basis of assessment as any other indication of the current balance between the potential need for extra care units and current supply, and have therefore conducted our analysis on this basis. We consider this method to provide the minimum need within the adopted catchment area.

Existing supply

15.16. We have reviewed the Elderly Accommodation Counsel's (EAC) website, www.housingcare.org, to determine the current supply of extra care accommodation within the market and local authority catchments.

15.17. We have researched all schemes classified as follows:

- Extra care/assisted living;
- Close care;
- Care village.

15.18. We have conducted some additional research to ensure that each scheme conforms to the recognised definition of extra care, namely that 24-hour on-site care is provided. We have not included any registered social landlord schemes and have only included schemes catering to the private market.

15.19. We have specifically not considered any traditional sheltered housing or other housing with support schemes in our analysis of current supply.

15.20. We have provided some analysis in respect of tenure, age, unit size and distance from the subject site in our analysis of current provision overleaf.

Planned supply

15.21. We assess planned supply by conducting a review of schemes in the planning system with an application submitted for additional extra care schemes.

15.22. From our data sources, we have reviewed all the planning applications that have been granted, refused, withdrawn or are pending decision. This has been cross-referenced against the online planning website for the relevant local authority and, where an anomaly exists, we have contacted the planning officer if required.

15.23. We have made enquiries with the relevant local authority and used our own data information sources and market knowledge to determine the number of planned units, either in the planning process or under construction. Additional units in the area are of key importance, as they are likely to be of a high standard and provide significant competition to the proposed development once completed and trading. We have searched for planning applications submitted over the past 3 years.

15.24. Where an application has been refused or withdrawn, we have entered the postcode into the local authority online planning facility to identify if a subsequent application or appeal application has been submitted. The results of this are included within the report.

15.25. Where a planning application is granted, we have cross-referenced the postcode against our existing supply to ascertain if the scheme is operational. If it is, we have included it within the operational provision and not within the planning table.

15.26. We would note that the planning registers that we subscribe to are not definitive and may exclude some applications as they rely upon each local authority for provision of the information.

15.27. We have excluded any sheltered housing, category II sheltered housing schemes or affordable extra care schemes from our analysis.

16. Bases of assessment

16.1. In collaboration with the Associated Retirement Community Operators (ARCO) and its members we conducted a national research project to calculate the distance travelled by extra care housing residents from their last place of residence. The research concluded that circa 69 per cent of residents travelled within 10 miles.

16.2. At the request of Surrey County Council Social Care Commissioning we have reduced our usual 10-mile market catchment for extra care assessment to a 5-mile market catchment and have also provided a circa 3-mile market sensitivity analysis catchment to assess more local demand and supply.

16.3. The circa market catchment is shaded pink and blue in the map opposite, extending to a radius of circa 5 miles from the subject site. The 3-mile sensitivity catchment is shaded pink only.

16.4. The decision to enter an extra care scheme is choice rather than care requirement driven. Hence people are willing to travel further to find an extra care scheme (particularly a larger care village) that meets their requirements than they are to find an appropriate care home.

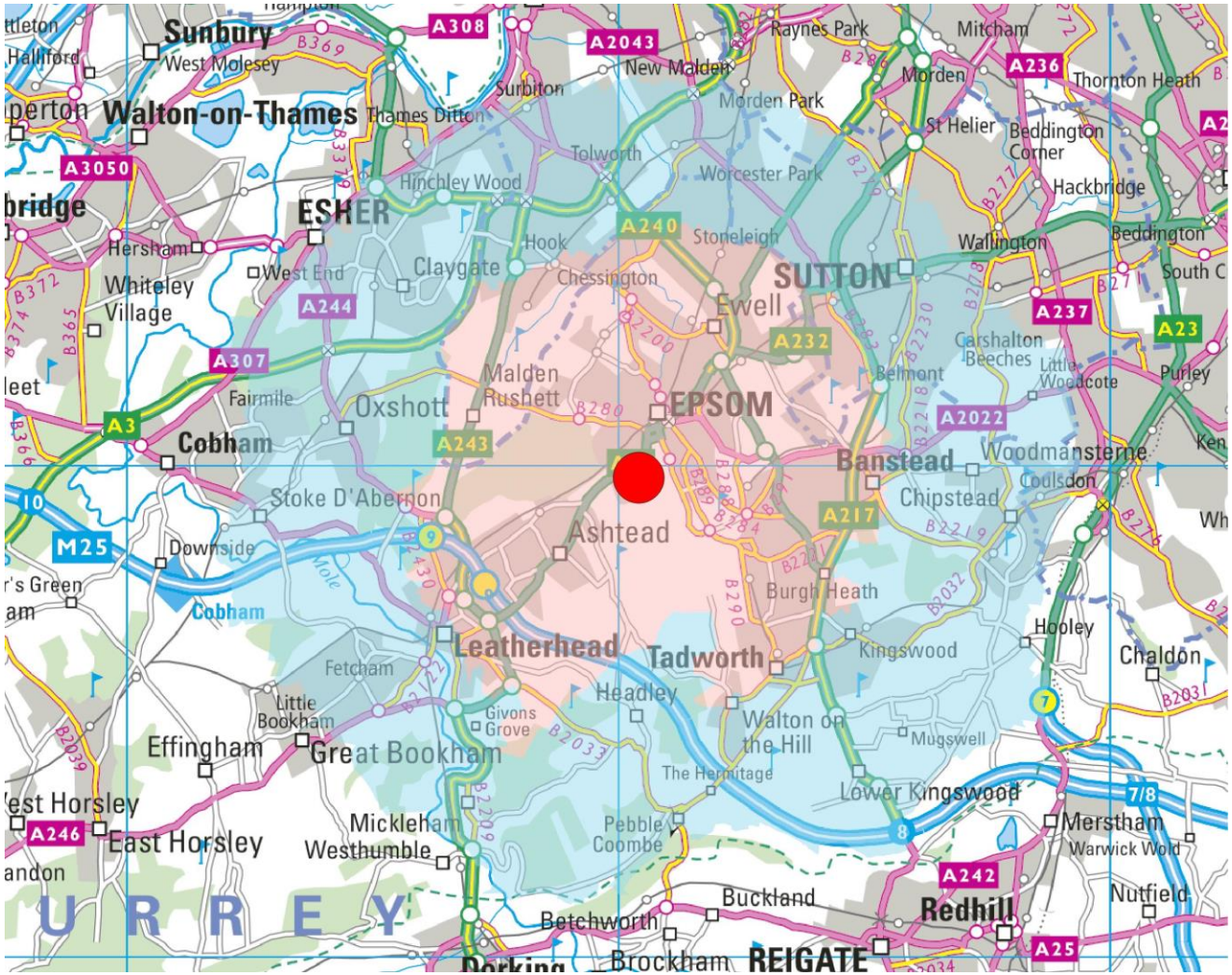

Figure 4: Extra care bases of assessment

The red spot shows the subject site. The pink and light blue shaded area illustrates the market catchment area and the pink area shows the 3-mile market sensitivity catchment.

17. Demographics

17.1. We have assessed demand based upon Census 2011 population statistics and have extrapolated expected elderly population growth rates for the c.5 mile market catchment and the c.3 mile sensitivity catchment to determine current and future demand for extra care units.

17.2. The total projected population aged over 75 years for the market catchment area as at 2022 is 38,595 and for the sensitivity catchment it is 14,590.

17.3. The graph opposite shows the growth of the population aged over 65, 75 and 85 years during the 12 years to 2034 in the market catchment. The population aged over 75 rises from 38,595 in 2022 to over 48,800 by 2034 within the market catchment area.

17.4. Our assessment of demand for extra care units, as at 2022 is 1,544 in the 5-mile market catchment and 584 in the 3-mile sensitivity catchment.

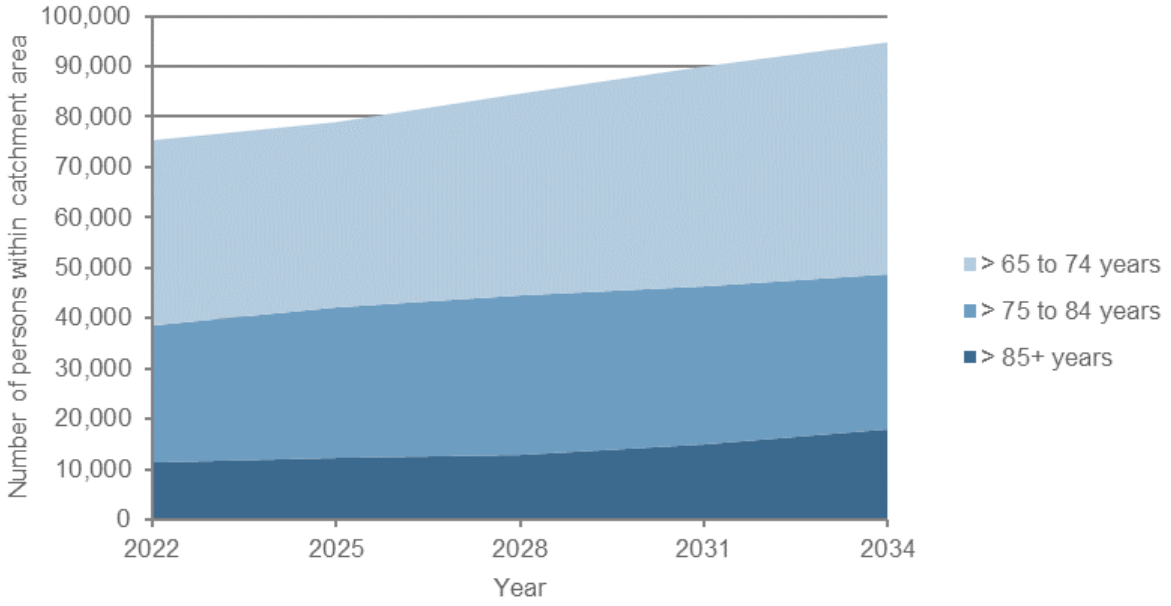

Figure 5: Population of older people by age band within the market catchment area

T9 Key demographic indicators (2022)		
Persons	Market catchment area (5-mile)	Market sensitivity catchment area (3-mile)
Population indicators		
Total population	404.396	145,013
Total population aged 75 and above	38,595	14,590
Percentage of persons aged 75 years and above (%)	9.4	10.1
Need		
Indicative demand for extra care units	1,544	584

Source: Census 2011, ONS Population Projections.

18. Existing private extra care schemes

18.1. We have analysed current supply using the EAC Housing Option website, www.housingcare.org.uk. We have included within our analysis any scheme in the catchment that seeks to provide 24-hour on-site care and support (where the accommodation is not intended to be registered as a care home with CQC) and seeking to sell the units on a long leasehold basis.

18.2. The EAC website breaks down the type of accommodation into three main sub-groups, within the criteria of close care, extra care, and care villages.

18.3. There are 3 existing leasehold schemes in the market catchment area, with only one of these schemes being located in the 3-mile market sensitivity catchment area.

T10 Summary of competing schemes

Map ref.	Catchment area	Name and address	Manager/operator	Total units (no.)	Private units (no.)	Distance from subject site (miles)	Year of construction	Scheme type
1	5 mile market catchment and 3-mile sensitivity catchment	Nonsuch Abbeyfield, Old Schools Lane, Ewell, Epsom, Surrey, KT17 1FL	Abbeyfield Southern Oaks	60	36	2.1	2019	Extra care housing
2	5 mile market catchment only	Furze Hill Court, Furze Hill, Kingswood, Tadworth, Surrey, KT20 6EP	Premier Estates Ltd	11	11	3.3	2012	Enhanced sheltered housing
3	5 mile market catchment only	Eothen Homes, 31 Worcester Road, Sutton, Surrey, SM2 6PT	Eothen Homes Ltd	9	9	4.0	Unknown	Enhanced sheltered housing

Source: EAC Housing Options, operator websites.

19. Planned private supply

19.1. We have made enquiries with our planning databases and cross-checked planning applications for new extra care units against the relevant planning departments' online planning registers for applications submitted within the last 3 years. This research was carried out on 6 August 2019.

19.2. We have identified two applications for additional extra care units, one of which has been granted consent. Both schemes are located within the 5-mile market catchment area, with only Scheme A being situated in the 3-mile sensitivity catchment.

19.3. We have provided our opinion on whether development has commenced based upon publicly available documentation and our own knowledge of the schemes. We have graded a scheme as having a 'yes' development commenced if there is some indication, either through an operator's or developer's website that it is progressing or, if construction has commenced. Schemes with a 'no' may still be developed, but there is no indication that construction is due to commence in the near future.

19.4. We understand that Scheme A is under development, whilst Scheme B is currently pending a planning decision.

T11 Summary of all planned provision

Map ref.	Catchment area	Site address	Applicant	Scheme	Net extra care units	Development commenced	Distance from subject scheme (miles)	Planning ref./date granted	Notes
Granted									
A	5-mile market catchment and 3-mile sensitivity catchment	Lower Mill, Kingston Road, Epsom, Surrey, KT17 2AF	Birchgrove	Demolition office building and redevelopment to provide 53 extra-care apartments with associated facilities (within class C2), including conversion and alteration of the grade II listed mill house and granary buildings, with parking, access, landscaping and other associated works with SUDS.	53	Yes	2.2	18/00743/FUL - 18/07/2019	We note from the Birchgrove website that development is due to commence in October 2019
Pending									
B	5-mile market catchment only	Legal and General Kingswood House St Monicas Road Kingswood Surrey KT20 6EU	Legal & General PLC	Redevelopment of the site to create a continuing care retirement community (Use Class C2), comprising refurbishment and conversion of Legal & General House (Grade II* Listed) to provide 130 assisted living units and respite units, assisted living support facilities in the rotunda to include a cafe, cinema/theatre and library, creche, ancillary on-site shop/store units at lower ground floor level, a restaurant and wellness centre including refurbishment of the existing swimming pool and car parking internally at lower ground levels, refurbishment and conversion of St Monica's House to provide 19 assisted living units, erection of new build accommodation on existing hard-standing/parking areas to provide 131 assisted living units.	280	No	3.4	19/01548/F	-

Source: subscribed data sources and relevant planning departments.

20. Competition map

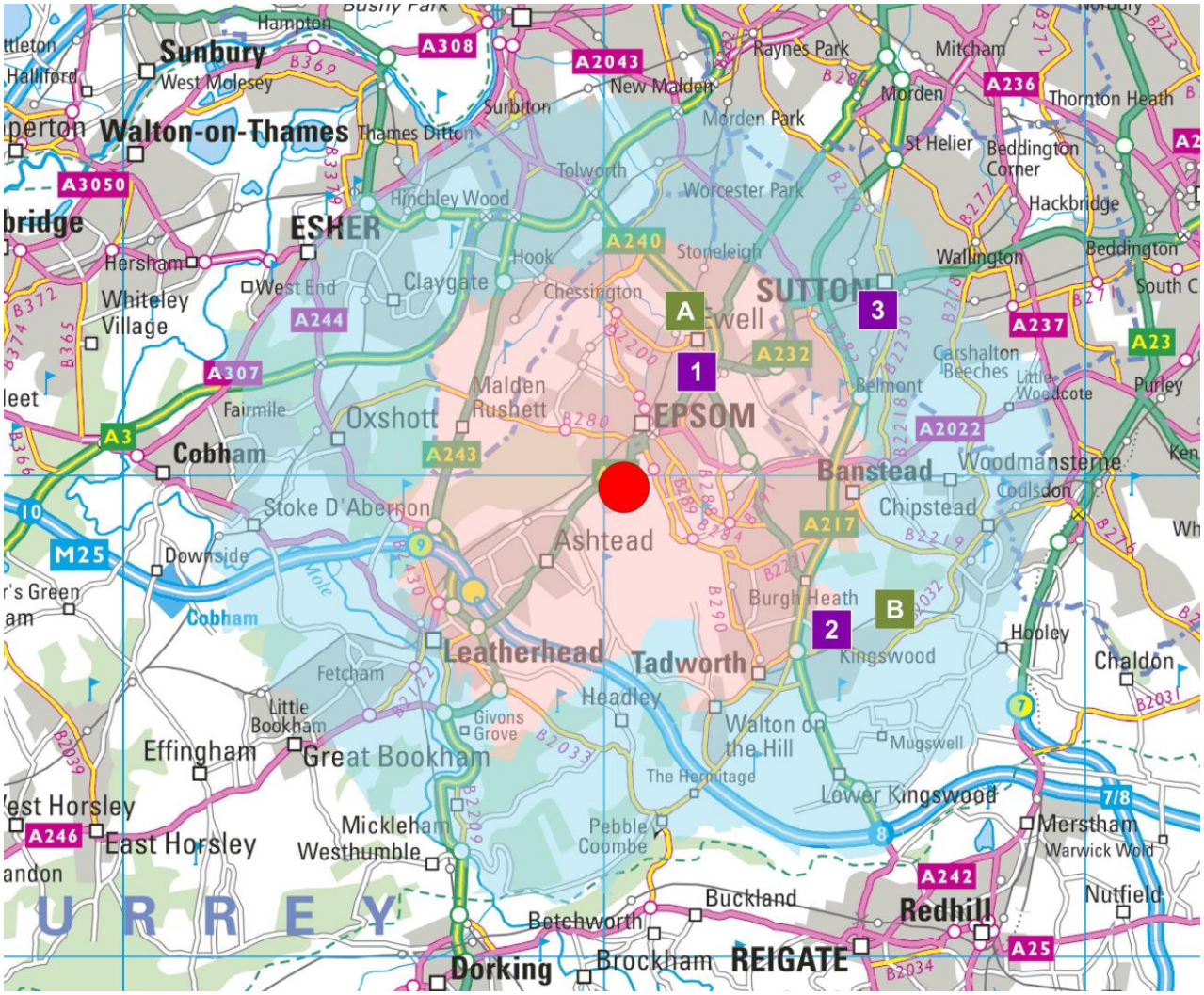

Figure 6: Existing private extra care and planned provision within the catchment areas.

Key:

- Subject site
- Existing private extra care schemes
- Planned private extra care schemes

The map references relate to Tables T10 and T11 above.

Please note that the locations of all existing and planned schemes are approximate only.

CONCLUSIONS

21. Indicative need

21.1. By applying our demand methodology to the catchment areas, we have calculated the potential pool of demand for private extra care units from people aged 75 years and above.

21.2. Our analysis, assuming all planned units have been developed and are operational, indicates that there is a need for over 1,150 private extra care units within the 5-mile market catchment area and 495 units in the 3-mile sensitivity catchment.

21.3. Our more realistic assessment of the balance of provision, where only private extra care units that are under construction are included, indicates an increased need for 1,435 units within the 5-mile market catchment area while the 3-mile market sensitivity catchment remains at the same level of need for 495 private extra care units.

21.4. We therefore consider that there is an evident need for additional private extra care accommodation within both catchment areas.

21.5. This need is likely to persist for many years, given the lead-in time for extra care schemes.

T12 Indicative demand for private extra care units (2022)

Basis of assessment	Ref	Market catchment area (5-mile)	Market sensitivity catchment (3-mile)
Demand			
Population aged 75 years and above	-	38,595	14,590
Demand – based upon ratio of 40 persons per 1,000 population aged 75 years and above	-	1,544	584
Supply			
Current provision of private extra care units	1	56	36
Units pending decision	2	280	0
Units granted permission and not under construction	3	0	0
Units granted permission and under construction	4	53	53
Total supply of private extra care units	-	389	89
Indicative need			
Indicative need including all planned private units (supply equates to the sum of references 1, 2, 3 & 4)	-	1,155	495
Indicative need including units under construction (supply equates to the sum of references 1 & 4 only)	-	1,435	495

Source: Census 2011, Government population projections, Housing LIN, subscribed data sources and relevant planning authorities.

22. Need growth

22.1. We have assessed need growth until 2030 using 2016-based ONS projected population figures for older people and assuming that the demand for extra care units, which is based upon the Housing LIN SHOP tool, will remain at the same rate in the future.

22.2. Our analysis below illustrates the need assuming the existing provision remains equal and that all the planned units are developed. The analysis therefore overestimates the supply, given that a number of the planned schemes are unlikely to be developed.

T13 Need for private leasehold extra care units

Catchment	2022	2026	2030
Market catchment area (c. 5-mile)	1,155	1,336	1,441
Market sensitivity (c. 3-mile) catchment area	495	563	603

Sources: Housing LIN, Census 2011, government population projections, EAC Housing Options

22.3. Our analysis estimates that the need will rise to 1,336 and 563 private extra care units in 2026 for the 5-mile market catchment area and the 3-mile sensitivity area, respectively, given the demographic profile and growth rates of the area.

22.4. The need further increases to 1,441 and 603 units in the two catchments respectively by 2030, assuming that existing provision remains equal and that all planned units are developed.

22.5. The need for private extra care units will therefore continue to grow and create a sustained level of unmet need in the respective catchment areas.

23. Key conclusions

Need for the proposed scheme

23.1. Our analysis indicates that there is a substantial unmet need for private extra care units in the area, with more than sufficient need to support the extra care units which form part of the proposed care community on the site at Epsom Hospital.

23.2. We consider the site ideally suited to the development of extra care units and able to contribute towards fulfilling the need for such accommodation in the area.

Qualitative aspects

23.3. In addition to the quantitative need identified within our report, the proposed scheme brings qualitative benefits, as follows:

- State-of-the-art facilities;
- Use of a suitable and sustainable site;
- A substantial scheme offering a variety of apartment types and tenures;
- The ability to care for people with a variety of levels of need, covering a range of dependency levels on the spectrum of care;

23.4. The proposed care community scheme provides extra care, which has been identified by the local authority as meeting its future commissioning strategy and requirements – as highlighted in our own review of the commissioning documentation.

23.5. We therefore conclude that there is both a compelling quantitative and qualitative need for the proposed development. In our view, significant weight should be given to this need in the assessment of the planning application by the local authority.

APPENDICES

A: LIST OF TABLES AND FIGURES

Tables

Figures

B: DEFINITIONS AND RESERVATIONS

Timing of advice
Our work commenced on the date of instruction and our research was undertaken at varying times during the period prior to completion of this report.

The report, information and advice provided during our work were prepared and given to address the specific circumstances as at the time the report was prepared and the specific needs of the instructing party at that time. Carterwood has no obligation to update any such information or conclusions after that time unless it has agreed to do so in writing and subject to additional cost.

Data analysis and sources of information
Details of our principal information sources are set out in the appendices and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information such as made available to us in the course of our work in accordance with the terms of our engagement letter. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

The report includes data and information provided by third parties of which Carterwood is not able to control or verify the accuracy.

We must emphasise that the realisation of any prospective financial information or market or statistical estimates set out within our report is dependent on the continuing validity of the assumptions on which it is based. The assumptions will need to be reviewed and revised to reflect market conditions. We accept no responsibility for the realisation of the prospective financial or market information. Actual results are likely to be different from those shown in our analysis because events and circumstances frequently do not occur as expected, and the differences may be material.

Measuring and predicting demand is not an exact science, and it should be appreciated that there are likely to be statistical and market related factors that could cause deviations in predicted outcomes to actual ones.

Our report makes reference to ‘Carterwood analytics’. This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented. We do not accept responsibility for the underlying data.

Where we have utilised Carterwood analytics to adapt and combine different data sources to provide additional analysis and insight, this has been undertaken with reasonable care and skill. The tools used and analysis undertaken are subject to both internal and external data-checking, proof reading and quality assurance. However, when undertaking complex statistical analysis it is understood that the degree of accuracy is never finite and there is inevitably variance in any findings, which must be carefully weighed up with all other aspects of the decision-making process.

The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

Where we have prepared advice on a ‘desktop’ or ‘headline’ basis, we have conducted a higher level and less detailed review of the market. All our headline advice is subject to the results of comprehensive analysis before finalising the decision-making process. Where we have provided ‘comprehensive’ advice, we have used reasonable skill and endeavours in our analysis of primary (for example, site inspections, mystery shopping exercise, etc.) and secondary (for example, Census, Land Registry, etc.) data sources, but we remain reliant upon the quality of information from third parties, and all references above to accuracy, statistics and market analytics remain valid.

Purpose and use
The report has been prepared for the sole use of the signatories of this letter and solely for the purposes stated in the report and should not be relied upon for any other purposes. The report is given in confidence to signatories of the engagement letter and should not be quoted, referred to or shown to any other parties without our prior consent.

The data and information should not be used as the sole basis for any business decision, and Carterwood shall not be liable for any decisions taken on the basis of the same.

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Validity
As is customary with market studies, our findings should be regarded as valid as at the date of the report and should be subject to examination at regular intervals.

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