



Setting Standards for
Retirement Communities



Planning, Clarity and Certainty:

The View from the Sector





The Retirement Community sector are committed to providing **250,000** people in the UK with the option of living in Retirement Communities by **2030**. To make this vision a reality, we will need to focus on 10 priority areas for our sector.

About ARCO

ARCO (the Associated Retirement Community Operators) is the trade association for operators of housing-with-care developments for older people. ARCO was founded in 2012 and comprises over 30 private and not-for-profit operators of Retirement Communities, representing approximately 50% of this sector which includes retirement villages.

ARCO sets high standards and members must adhere to the externally assessed ARCO Consumer Code. The sector sits between traditional retirement houses (which have less extensive staffing and leisure facilities) and care homes.

About Carterwood

Carterwood is a multi-award-winning property consultancy dedicated to social care. Our team of specialists provide independent, expert analysis that helps operators, developers and investors to improve decision-making within the retirement community and elderly care home sectors.



A clear customer proposition



Effective self-regulation



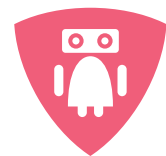
Flexible models of tenure



Sustainable funding streams



Enhanced health and wellbeing



Intelligent use of technology



Clarity in the planning system



Sector-specific legislation



A highly trained workforce



Comprehensive and robust data

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Clarity in the Planning System



Supported by Carterwood, we brought ARCO Members together to share experience, insight and commitment to supporting planners and building trust in the Retirement Community sector's approach to planning. Together, we aimed to go beyond the usual topics in planning, and think differently about the next decade.

This document is a statement of our commitment to achieving the aims of planners in the UK, at the same time as enabling growth and investment in Retirement Communities for older people in the UK.

Planning through and after the coronavirus pandemic

This roundtable took place in early February 2020. Throughout March, April and May, we have been working hard to support Members with the sector-wide response to this unprecedented emergency. That said, our thinking on issues of planning has continued. We believe that Housing-with-care is an essential part of the health and social care landscape, where the benefits of the model have been thrown into relief in recent months. While the world has changed, we believe that this summary of the position of planning for housing-with-care remains relevant and an essential starting point for planning and development discussion in a post-covid world.

We look forward to discussing the content of this document with you.

A handwritten signature in blue ink that reads "M. Voges".

Michael Voges Executive Director



The last three months have brought unprecedented challenges to the housing, health and social care sectors. We would like to thank ARCO and all of its members for their hard work and dedication during this extremely difficult time, which has allowed some of the benefits of the housing with care market to shine through. There have been some fantastic stories of how operators and their communities have helped keep residents safe and continued to promote their wellbeing. The issue of planning is now more important than ever, as this provides the key to unlock future supply of this much needed accommodation.

A handwritten signature in blue ink that reads "Tom Hartley".

Tom Hartley Director


















A Growing Sector



Filling a gap between traditional private sheltered housing and institutional care homes, retirement communities are designed to enable older people to maintain their independence for as long as possible by providing attractive living environments as well as support and optional care if needed.

The retirement community sector is showing strong signs of growth, with existing ARCO members planning new schemes and new providers entering the sector from a variety of backgrounds (care home providers as well as developers, not-for-profit operators as well as private companies). What all expanding providers have in common is that they face a lack of clarity when it comes to how retirement communities should be treated in the planning system. This was the case in early 2020, and remains so in the months following. There are strong signs for the future of the sector, both as a non-cyclical long-term industry, and with more interest and greater levels of awareness of the model in the public than ever before.



 Retirement Housing Also known as sheltered housing or retirement flats	 Retirement Communities Also known as extra care, retirement villages, housing-with-care, assisted living or independent living	 Care Homes Also known as Nursing Homes, Residential Homes, Old People's Home
 Self-contained homes for sale, shared-ownership or rent	 Self-contained homes for sale, shared-ownership or rent	 Communal residential living with residents occupying individual rooms, often with an en suite bathroom
 Part-time warden and emergency call systems	 24-hour onsite staff with optional care and domestic services available	 24-hour care and support (including meals)
 Usually have a lounge, laundry facilities, gardens and a guest room	 Range of facilities including a restaurant or café usually alongside leisure and wellness facilities such as gyms, hairdressers, activity rooms, residents' lounges and gardens	 Range of facilities and activities, including gardens, lounges and dining rooms
 Typically 40 - 60 units	 Typically 60 - 250 units	 Sizes vary considerably

However, while the planning system differentiates between care homes and “dwelling houses”, retirement communities have not yet been clearly defined within the planning system.



What is being built currently?



It's never a given that a site that's granted planning will ultimately be developed, but Carterwood's recent research highlights just how pronounced the barriers to development are in the older people's housing sector. This definition includes any specialist housing for older people.



Success rate of older people's housing (OPH) schemes

	April 2015 – Nov 2019	April 2015 – Dec 2015	January 2016 – December 2016
No. of planning applications submitted	709	72	89
No. of planning applications granted	445	68	74
No of new schemes opened	50	12	18
Granted applications that have opened (%)	11	18	24

Figure 1: Success rate of all older people's housing C2 use class planning applications submitted between 1st April 2015 and 30 November 2019

Sources: Carterwood, Glenigan, Planning Pipe, relevant local authority planning websites.

With Carterwood's data showing that just 11% of all granted C2 planning applications between 2015-2019 resulted in development, it's clearly proving tricky to get projects off the ground. You might expect the development rate to be low for a period that includes applications submitted in the last year, but even when looking specifically at the development rate for applications submitted five years ago in 2015, it's still remarkably low at just 18%.

There are a number of reasons for this exceptionally low conversion rate. We know that many planning applications are

for completely unsuitable sites, maybe speculative in nature or part of large mixed use or residential schemes where the intention is never to develop the retirement scheme. However, with a larger pool of expertise and more operators in the sector, perhaps some of these schemes may come to fruition. The data below shows what can happen when those with the skills and experience get hold of the right sites. Top 20 operators (defined as those operating the highest number of private units in the UK) turned 93% of applications granted in 2015 into developed schemes, compared to a rate of just 28% across the rest of the market.

Planning success – Top 20 operators vs the remainder of the market

	Top 20 operators	Non top 20 operators
No of applications submitted (2015 – 2019)	471	1,258
Granted (%)	45	48
No. of 2015 applications granted	75	104
Granted 2015 applications developed (%)	93	28

Figure 2: Planning success – Top 20 operators vs the remainder of the market – C2 and C3 use class applications (enlarged dataset due to small sample size of top-20 C2-only applications) – submitted between 1st April 2015 and 30 November 2019.

Sources: Carterwood, Glenigan, Planning Pipe, relevant local authority planning websites and Elderly Accommodation Counsel (EAC).



Participants echoed this analysis, with one retirement community operator commenting "it shows that we deliver on what we promise, but also shows the enormity of the challenge when it comes to perceptions".

Key barriers



Participants identified a number of key barriers when it comes to building retirement communities providing care and support.

Lack of knowledge about the retirement community offer among planning authorities

All participants agreed that planning officers were often unaware of the key differences between care homes, retirement communities and traditional retirement housing. This was partly due to the conflicting terminology employed by operators and housebuilders, and more consistency of terminology and educating stakeholders about this was identified as one of the key areas the sector would need to address.

Lack of a clear definition and treatment in the planning system

Participants mentioned many examples of planning authorities not being fully aware of the differences between retirement communities and care homes as well as traditional retirement housing. Even where planning officers had a good understanding of the retirement community model, there was a lack of consistency in approach when it came to agreeing the planning use class. This could have a material impact on viability and/or slow down the process of gaining planning consent considerably.

Lack of a shared understanding of need

There was currently no generally accepted figure representing the level of need for retirement communities/housing with care, with some sources vastly underplaying need (which was different to demand). This could lead to situations where further increases in levels of need were simply based on population increases over the next decades, but ignoring the fact that the UK had to play catch up and fill the 'provision gap' currently existing.

Lack of resources

The lack of resources in planning departments was making the timely progression of planning applications difficult, despite planning officers' best efforts. This could be traced to a challenging financial settlement for local authorities, and participants were in favour of better resourcing of local authorities' planning departments.

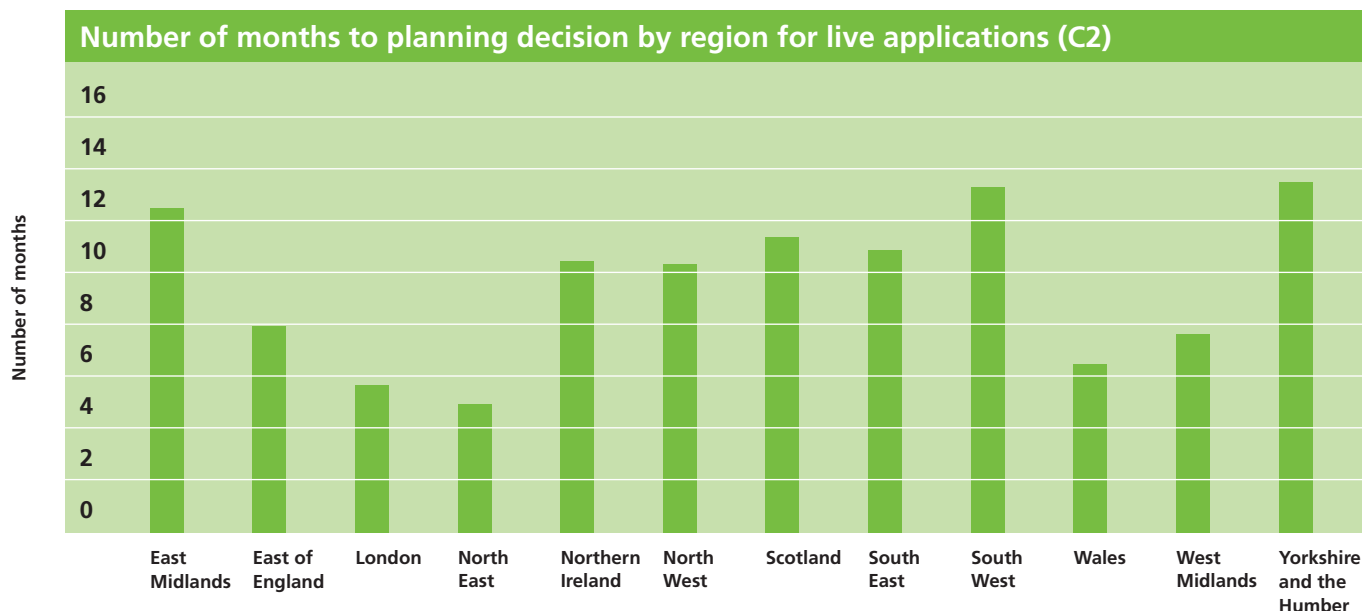


Figure 3: Time taken for C2 use class planning application validation to decision, by region – submitted between 1st April 2015 and 30 November 2019.

Sources: Carterwood, Glenigan, Planning Pipe, relevant local authority planning websites.



A lack of trust

One of the key issues identified was a lack of trust between planning authorities and retirement community operators seeking to develop a new scheme in an area. Often this was caused by historic cases of developers not delivering on their promises, for example by not building out a C2 planning consent (despite arguing exceptional need and circumstances) and then ‘flipping’ it to a C3 consent, or not delivering the services that were promised during the planning process. As one participant put it:



Too often, we come across a planning authority that has been burnt by a developer having trousered the profit and made for the hills. Their natural instinct is to think we’re the same, and it takes a long time to explain that we are operators and in it for the long haul.

“Importing older people”

Another obstacle retirement community operators often came up against was the fear that retirement communities would draw in older people from other areas, and that these would then end up being a burden to local social services budgets. This was despite well-known and robust data showing that the majority of older people came from the local area. In addition, a participant remarked that:



If every local authority built enough retirement communities, people would not have to travel and even more people would just stay local to where they are – which is where we know they want to be!

Defining retirement communities by their capacity to deliver, not characteristics inherent in residents

There was currently a huge variation in how planning authorities defined care – with some wanting to restrict occupancy to individuals with increasingly high levels of care. However, roundtable participants agreed that the capacity to deliver care and support were more important than the individuals receiving it:



A restaurant wouldn’t say that it’s only for really hungry people – people can have a small meal if that’s all they want, as long as they could have a big meal if they changed their mind.

Potential solutions



Towards a clearer definition built on trust

There was broad agreement that a clearer definition of the retirement community model would be beneficial. A separate planning use class was favoured by many roundtable participants, but in the absence of this, a clearer definition of when retirement communities would fall into the C2 use class was favoured. This should take into account the sector-specific viability considerations for housing-with-care, as the delivery of communal facilities and shared services meant that retirement communities could not provide the same levels of Community Infrastructure Levy and affordable housing contributions that general needs housing could provide.

However, it was highlighted that the definition would need to be sufficiently robust to give planning authorities the confidence that providers would be offering the support promised. To this end, participants agreed that trust-building measures were needed, including better mechanisms for enforcement in the case of non-compliance. As one participant put it:



We need to deliver on our promises, and if we don't, we should be held to account.

Additional work on a commonly shared definition and potential standard section 106 agreement was agreed to be taken forward as a matter of priority.



A shared understanding of need

Participants were in favour of developing a commonly shared model of need for retirement communities, which would aid local decision making and more accurately predict the number of units required on a local level (split by tenure). Recent guidance from MHCLG was welcomed, but left too much room for ambiguity as it lacked more stringent definitions. Models for local needs should also take into account the fact that the UK had a huge 'provision gap' built up over decades of underinvestment and future need should not simply be a projection of the increase in the number of older people.

Overall, participants agreed that a meaningful definition would be the starting point from which more robust needs measures/targets could be derived. Taken together, a clear definition and ensuring levels of need were addressed would go a long way to address the lack of clarity about retirement communities currently.

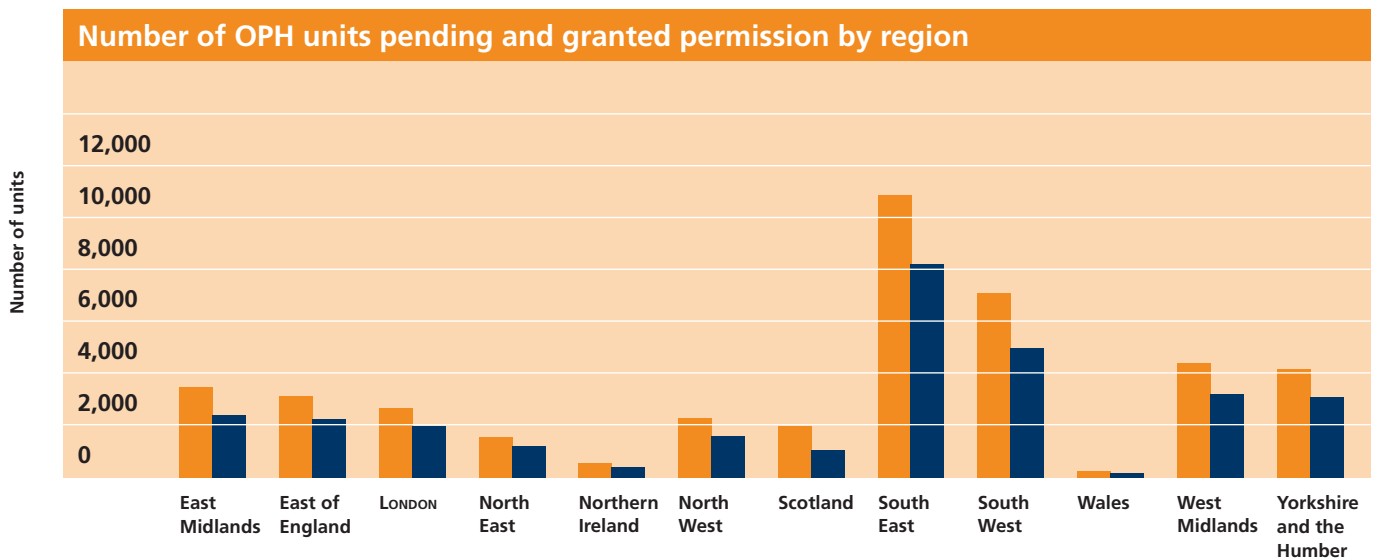


Figure 4: Number of older people's housing units pending or granted planning permission, but not yet developed, by region – applications submitted between 1st April 2015 and 30 November 2019.

Sources: Carterwood, Glenigan, Planning Pipe, relevant local authority planning websites.



Conclusions before and after Covid-19

The roundtable was an invaluable exchange between some of the leading operators in the retirement community sector. Faced with the challenge of building hundreds of thousands of additional units of housing-with-care over the coming years, participants strongly agreed that concerted action was needed to create more clarity and certainty in the planning system.



For our sector, it's the end of the beginning, and we'll need to work with the government to create clarity – and then deliver on what we've promised.

From What Next? to What Now?

In the months that have followed this roundtable, ARCO Members have continued to work together to consider how to continue to engender that trust, shared understanding and clarity. The coronavirus pandemic has accelerated the focus and clarity on the care element of housing-with-care. Our commitment to concerted action is clear.

The event was attended by colleagues from Amicala, Anchor Hanover, Audley Group, Eden Retirement Living, Enterprise Retirement Living, Inspired Villages Group, Legal & General Capital, Octopus Real Estate, Rangeford Villages, Retirement Villages Group, Richmond Villages, and Trowers & Hamblins LLP.

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