



Setting Standards for
Retirement Communities



SOVEREIGN PROPERTY
— PARTNERSHIP —
PROTECTING YOUR INDEPENDENCE

The Scottish Housing-with-Care Taskforce



2022

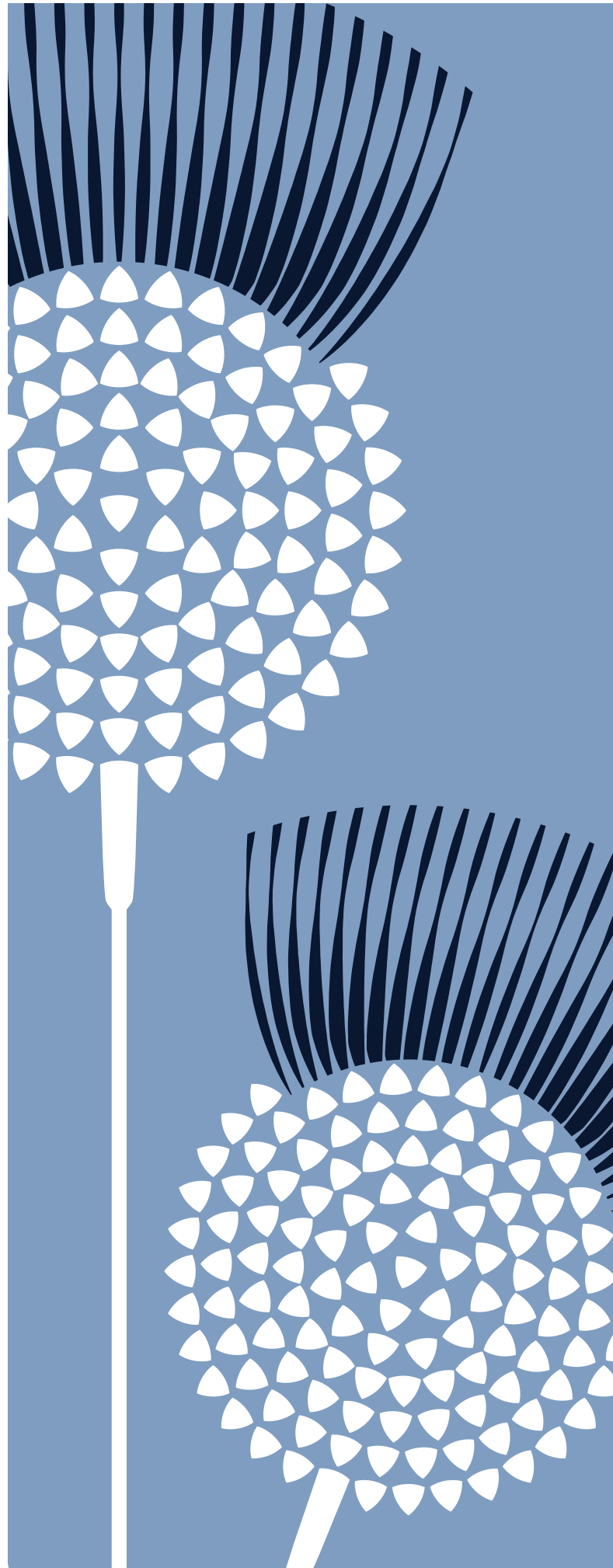
About ARCO

Founded in 2012, ARCO (Associated Retirement Community Operators) is the principal body representing both not-for-profit and private operators of Integrated Retirement Communities in the UK. Integrated Retirement Communities combine independent living for older people (through them renting or owning their own property) with 24/7 onsite staffing, CQC-registered domiciliary care for those who need it, and a wide range of communal services and facilities.

About Sovereign Property Partnership

Founded in 2019, Sovereign Property Partnership is the brainchild of two top University of Aberdeen Real Estate Masters Graduates, Andrew Fyfe and David Steyn. Through their academic studies and with a foot in the industry, they saw the gap in the market and recognised the difficulties facing retirees, developers, regulators and providers. They work with research partners, including the University of Aberdeen and the Elderly Accommodation Counsel to analyse supply and demand need for Senior Housing in Scotland.

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The Supply Gap



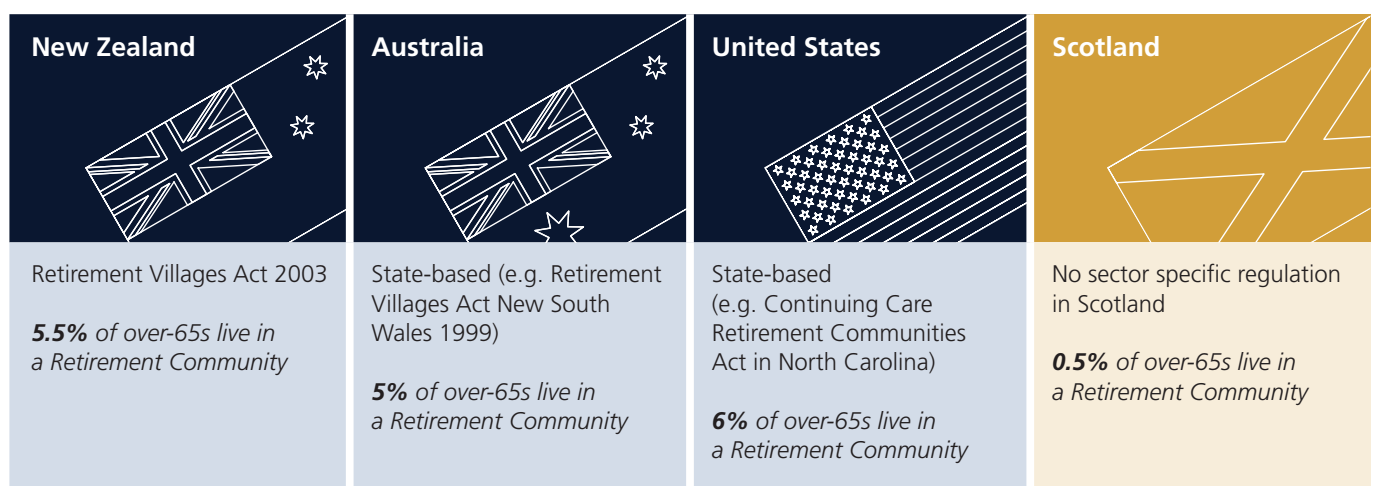
Sovereign Property Partnership and the Associated Retirement Community Operators (ARCO) have united to spearhead a Housing-with-Care Taskforce for Scotland.

The taskforce seeks to build on the work done in England by ARCO, where MPs from four parties used the first ever Parliamentary debate on housing-with-care in July 2021 to urge the UK Government to move ahead with ARCO's proposal for a cross-department housing-with-care taskforce – leading to the government confirming that this task force will be part of the governments levelling up agenda. The aim of the group is to encourage a similar debate in Holyrood to address the lack of supply of this type of housing in Scotland.

Currently the supply of Housing-with-Care in Scotland stands at 0.48% and if no new stock is delivered, by 2036 supply could drop to 0.38%* based on projected population growth in the over 65 age group. Supply in other developed countries stands at more than ten times the figure in Scotland as demonstrated in the infographic.

Housing-with-Care: Filling the policy void

Sector-specific regulation has aided growth in other countries – in Scotland, Housing-with-Care is non-existent in policy terms.

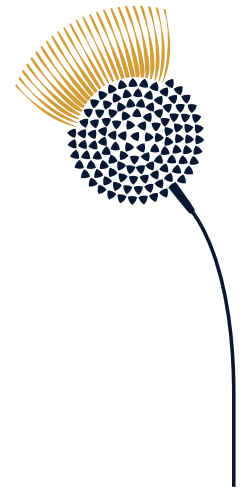


*BNPPRE and EAC data for enhanced sheltered housing and extra care housing in Scotland vs population of over 65's in Scotland

The Benefits of Building More Housing-with-Care

Delayed Discharges and the Covid pandemic impacted on public care services; the provision of good quality older people's housing will lower this impact.

In the financial year ending 31 March 2020, the estimated cost of delayed discharges in NHS Scotland was £142 million, with an estimated average daily bed cost of £262. Such delays are associated with the lack of support structures which inevitably includes having the right type of housing with appropriate support. With the majority of delayed discharges involving older people it is clear that more appropriate housing for older people will help contribute towards cutting delayed discharges as well as reducing the demand on public services and finance.



Freeing up family homes

By providing more Housing-with-Care there is a positive effect on the entire housing chain. To illustrate this point, if Jane, a 76-year-old widow living in a four-bed detached house, could move into a Housing-with-Care unit that would better suit her needs, it would free up a house for Tom and Sarah with their young family. In turn this would allow Emily to move into Tom and Sarah's one bed flat.

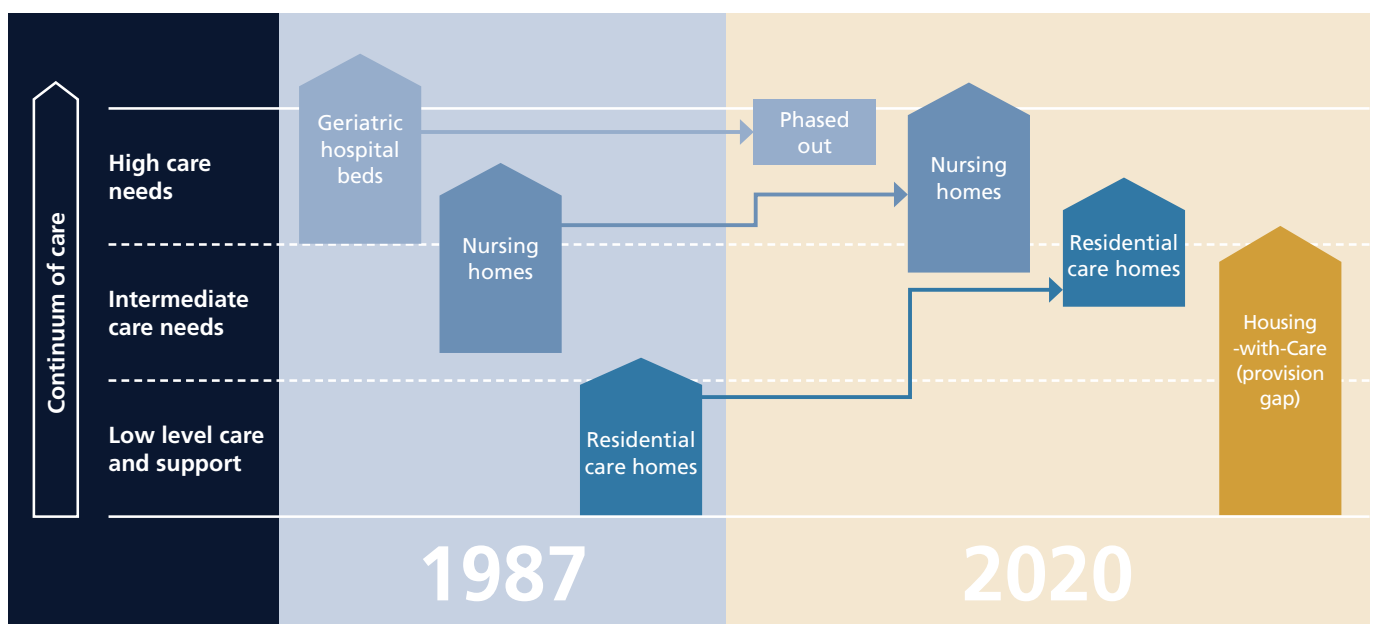
Up to 100,000 older people in Scotland say they feel lonely all or most of the time according to AGE Scotland. Housing-with-Care can address this.

Retirement communities offer the opportunity for older people to 'age in place' thereby allowing people to plan ahead for all their future housing and support needs rather than face the risk of moving later when a health crisis requires a person to move to alternative accommodation. They can be set within parkland grounds or urban environments where people can exercise, and socialise with like minded people. A report conducted by ProMatura International in 2019 interviewed nearly 3,000 retirement community residents and concluded that residents felt happier and more secure with 71% of interviewees expressing that they saw living in a retirement village as an opportunity to make friends.

Filling in the Gap

Housing-with-Care can fill the gap left by the reduction in nursing home beds. In Scotland nursing home beds fell from 39,150 in 2010 to 37,252 in 2021. Currently you are limited in choice between living in mainstream housing, which may not be suitable for your needs, or a nursing or care facility, which you also may not be ready for. Housing-with-Care can allow you to live independently and increase care provision as your needs change, thus improving quality of life and filling in the gap.

The infographic below illustrates the current provision gap in the UK social care system as a whole. Average UK 'lifespans' have increased from 75 in 1987 to 81 by 2020, but average 'healthspans' have not. Many of these additional years are spent in ill-health, with over four million (40%) of over-65s having a limiting long-term health condition. In the last 30 years, social care provision has also changed beyond recognition. Geriatric hospital beds have been largely phased out – seeing a 60% reduction between 1987-88 and 2009-10 – while residential care homes and nursing homes now provide high-level care, compared to the low and intermediate levels of care provided in 1987. The average length of stay in a care home is now 18 months. These changes have created a 'provision gap' for those needing lower to intermediate levels of care as and when required – the housing-with-care option. In comparison to 456,000 care home beds and 444,000 retirement housing units, there are only around 70,000 Housing-with-Care units.



*ARCO, Housing-with-Care Task Force Overview (UK figures)

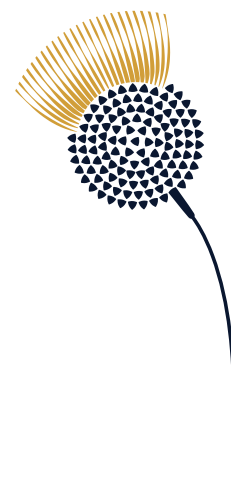
Our Members

Who we are

We are a representative body comprised of Public and Private Operators and Developers, Care Providers, Council Representatives, MSPs, Lawyers, Planners, Institutional Investors and Real Estate Advisors.

The group includes ARCO (The Associated Retirement Community Operators, the body representing the housing-with-care sector in the UK), Sovereign Property Partnership (Scotland's leading senior housing consultancy) in addition to representatives from Virgin Money, Burness Paul, Montagu Evans, Lifecare Residences UK, Brodies, Scottish Government, Pinsent Masons, Homes for Scotland, Blackwood Housing, The Healthcare Consultancy, Goldcrest Communities, Brio Retirement Living, Hub South East Scotland, Cinnamon Retirement Living, Aberdeenshire Council, Safe as Houses Care and Age Scotland.

The Purpose of the Group



We sought to identify the main barriers hampering the supply of Housing-with-Care in Scotland. To provide solutions and suggestions to overcome these barriers three sessions and topics were agreed on as below.

Session

1

Legal Issues – October 2021

We addressed the need for sector specific regulation and looked at different forms of tenure to assess positives and negatives.

Session

2

Planning Issues – January 2022

We looked at issues in the planning system preventing the supply of more Housing-with-Care in Scotland with a particular focus on National Planning Framework Four.

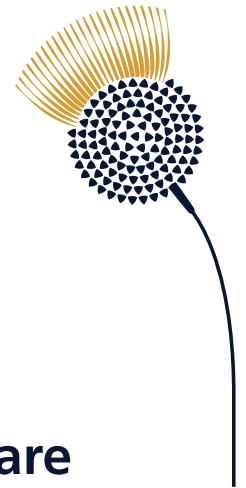
Session

3

Social Care Integration – March 2022

We discussed the need for more interaction with health and social care partnerships in order to help local authorities understand the holistic benefits of Housing-with-Care.

Legal Issues



Outline

Long leases are often utilised in England to give operators the necessary control over Housing-with-Care units as in effect tenants are renting the units they live in, albeit on a long-term basis. This is not currently possible under Scottish law, so it is desirable for operators and advisors in Scotland to agree an appropriate, industry accepted model. New Zealand offers tenants a licence to occupy, and Scotland has an opportunity to create legislation that will afford tenants the same protections and consumer guidelines as can be seen in New Zealand.

Possible Solutions

Shared ownership

This tenure model affords the ability to manage some of the risks, responsibilities and interests of the provider and sharing owner(s). The Scottish Housing-with-Care Taskforce are exploring if the production of enhanced standardised shared ownership documentation could create a robust model which encourages confidence from both developers and older persons.

Leasehold with enhanced protections for older people

A disapplication of the automatic right to redeem standard securities after 20 years in the context of bespoke later living housing would facilitate a robust legal structure predicated on ownership and a basis on which to attract much needed investment into the product in Scotland.

Conclusion

The industry needs regulation to ensure Housing-with-Care developments are clearly defined and offer consumers a fair and transparent deal when moving in. Addressing legal issues now will make it easier for investors to commit to Scotland, ensuring our older population have greater housing choices that really suit their needs.



Rodney Whyte
Pinsent Masons



Christine Stuart
TC Young



Peter Chambers
Burness Paull



Tracey Menzies
Brodiess LLP

Planning Issues



Outline

Planning issues are making it difficult for more Housing-with-Care to be built in Scotland. There is often confusion as to whether Housing-with-Care falls under use class 8 (residential institutions) or use class 9 (houses) and this needs to be addressed.

NPF4

“Older people” are mentioned only 3 times in the 131-page document and there are no clear targets for Housing-with-Care built into the document even though there is an obligation for Scottish ministers to report on how they intend to address the needs of older and disabled people every two years as set out in the Planning (Scotland) Act 2019, Part 1, section 4.

Giving Evidence to Local Government Housing and Planning Committee

As a result of the groups representation on NPF4 the Scottish Housing-with-Care Taskforce was asked to give evidence to the Local Government Housing and Planning Committee. Andrew Fyfe took part in the session which involved parties from a range of housing bodies in Scotland, including Homes for Scotland.

Challenges

There are no targets for senior housing in Scotland at present within NPF4 and it was made clear to the Local Government Housing and Planning Committee that this was problematic and should be addressed in the final version of NPF4 due to be published in 2022. Another key point highlighted was the need for a separate planning use class to ensure local councils can designate sites for age related housing in the future.

There is also a misunderstanding at national level in terms of Housing-with-Care operators being able to compete on land values with mainstream housebuilders. This is simply not true as Housing-with-Care operators have amenity costs upfront and less net saleable area due to the need to provide communal areas for residents.

Possible Solutions

New planning use class

Targets for Housing-with-Care in the planning system at national level

S.75 reliefs to allow Housing-with-Care operators to compete with housebuilders on land values



Steven Tolson
Goldcrest Communities

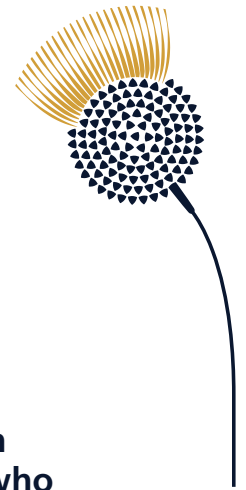


Elaine Farquharson-Black
Brodies LLP



Paul Harries
Lifecare Residences UK

Social Care Integration



Outline

Legislation required all Health Boards and Councils to operate under an integrated health and social care service by 1st April 2016 - Public Bodies (Joint Working) (Scotland) Act 2014. Integration is the Scottish Government's programme of reform to improve services for people who use health and social care services. The ultimate aim is to ensure that health and social care provision across Scotland is more joined-up.

Housing-with-Care can provide much needed relief to the demands on the social care system by providing appropriate housing which supports independent living and fosters an environment where it is easy for people to be cared for on a sliding scale as their needs change over time.

Challenges

Conflicting public/private approach to demand analysis.

Health and Social care needs and demands and service delivery can vary significantly across the 32 Health and Social Care Partnerships – making a national approach to planning more challenging.

Failure to engage early with HSCP's

- Private Sector benefits not fully considered.
- Public sector needs not fully understood.

Failure to deliver

- Stalled developments can impact IJB strategic planning, increasing pressure on an already stretched health and social care system.

Conclusions

Housing-with-Care is recognised as being a key contributor in helping people stay independent for longer and avoiding unnecessary admissions to hospitals. Developments are more likely to prove successful when local H&SC service needs and demands have been fully considered during the initial planning and delivery stages of a development. Housing-with-Care requirements should be ingrained in local and national policy and housing initiatives - (Local Development Plans, Strategic Housing Plans, NPF4, AHSP), with an increased focus on better aligning the skills knowledge and understanding held by the public and private sector. Better partnership working between sectors and communities will increase knowledge of the benefits Housing-with-Care can deliver at a local level and help dispel the myth that housing-with-care is only for those who can pay privately, when the sector currently provides almost two thirds of its capacity for affordable or social rent .

The SHWC Task Force should respond to the Health and Social Care Strategy for Older People consultation which runs until the end of June 2022. It is also advised that the task Force attempt to facilitate discussions with the HSCP Chief Officers and Local Authority Housing Leads to better understand how the Housing- with-Care market can assist in improved and more efficient service delivery.



Michelle Park
SAHPI



Martin Hensman
Hub South East Scotland

Supply of Housing-with-Care in Scotland Today



The population over 65s in Scotland stood at **1,073,761** in 2021

This population demographic is expected to increase to **1,378,705** by 2036, a 28% increase

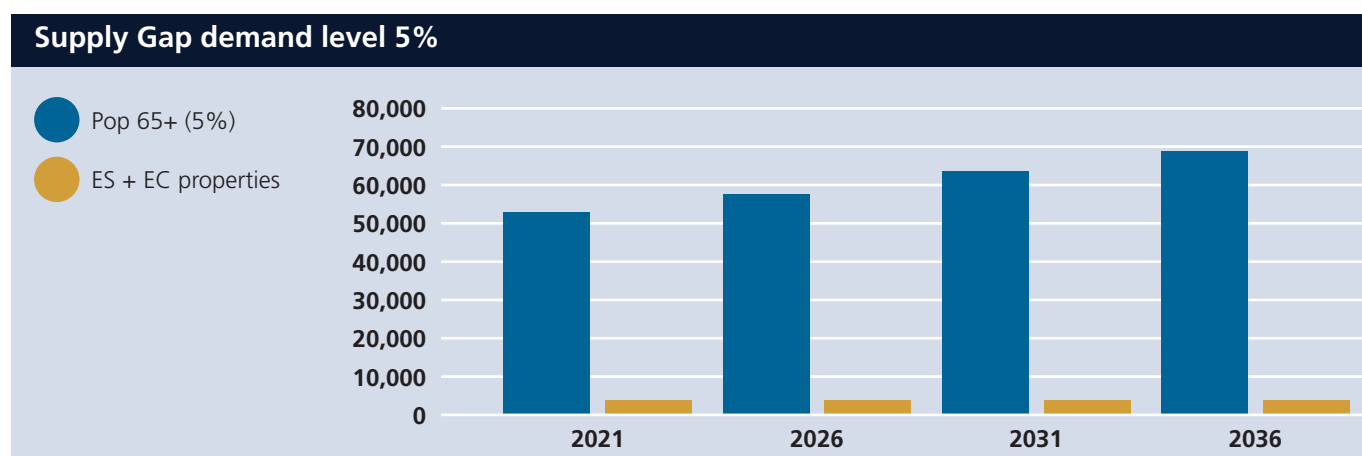
Currently there are **3,782** Housing-with-Care units and **5,174** bedrooms (Mostly a mix of 1 and 2 beds)

Assuming one person needs one bedroom and demand for Housing-with-Care is 5% (In line with other developed nations) then the current supply gap stands at **48,514** units

This means that **4,251** properties are required to be built per annum till 2036 if we are to come in line with supply in other developed nations

This equates to **28** villages per annum assuming an average village is **150** units

**BNPPRE and EAC data for enhanced sheltered housing and extra care housing in Scotland vs population of over 65's in Scotland*



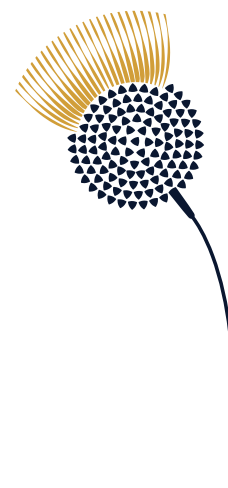
*Graph shows increase in supply gap as the population of over 65's grows. The population of over 65's is projected to grow 28% in the next 15 years if no new Housing-with-Care stock is built. Demand level is set at 5%, which means the blue bars denote 5% of the total number of over 65's in Scotland at the time.

The Housing-with-Care Task Force: Bringing together key stakeholders

Housing-with-Care straddles a range of different and often disconnected areas of Government policy, which is why we need a collaborative Task Force to bring these together.



Conclusions and Next Steps



Paul McLennan
MSP

// We talk a lot about the challenges of an ageing population, but we also must acknowledge there are opportunities as well. As we all age, we need to think more longer term about what we will need to thrive into our elderhood. Housing is a critical part of that consideration. If you are unable to access local services or socialise as much as you wish because you aren't managing to get out and about as easily, or you are finding things challenging financially because your home is too large to heat etc, then our old age becomes challenging. However, across the country different housing options are starting to be developed that enable some older people to live vibrant independent lives because the property is better suited to their needs. There is a prime opportunity to consider the market around housing suitable for older people and I'm delighted to contribute to the Scottish Housing with Care Task Force to support their vision for a better Scotland going forwards.



Andrew Fyfe
Non-Executive Director at
Sovereign Property Partnership
and Chair of the Scottish
Housing-with-Care Task Force

// It has been a pleasure to work with so many different bodies across the public and private sector to address the barriers preventing the supply of more Housing-with-Care in Scotland. It is vital that we continue with the momentum gained so far as this is a problem which will only get worse if not addressed as our population continues to age. Key takeaways are the need for sector specific legislation, targets in the planning system and more transparency within the social care sector to ensure our older population have a range of housing which best suits their needs.

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For more information on
Sovereign Property Partnership:
www.sovprop.co.uk



Gareth Lyon
ARCO, Director of Policy
and Communications

// This report is an extremely valuable contribution to the Integrated Retirement Community sector in Scotland and to wider housing and care for older people. As the sector looks to expand rapidly over the coming decade it is crucial that older people in Scotland are not left behind and that we ensure that they have access to more good housing and care options. This is important not just to reduce the strain on the wider care system and to free up family homes but crucially to give older people more confidence and peace of mind that they will have the support they need. The Scottish Housing-with-Care Task Force has developed some great and highly practical suggestions for how we can improve provision and is a model for the wider UK to follow. We are confident that this report will play a big role in shaping Scottish Government and wider UK policy in future.

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For more information on ARCO:
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