

## CABINET

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| <b>DATE</b>                 | 20 <sup>th</sup> August 2025  |
| <b>REPORT OF</b>            | Councillor Stan Shreeve, Portfolio Holder for Health, Wellbeing and Adult Social Care |
| <b>RESPONSIBLE OFFICER</b>  | Katie Brown Director of Adult Social Services   |
| <b>SUBJECT</b>              | Procurement of Extra Care Housing   |
| <b>STATUS</b>               | OPEN  |
| <b>FORWARD PLAN REF NO.</b> | CB 07/25/02   |

### CONTRIBUTION TO OUR AIMS

This report seeks approval to proceed with the procurement of a Strategic Extra Care Housing Development Partner to deliver a new scheme on the Western School site in North-East Lincolnshire. The proposal aligns with the All-Age Housing with Care Strategy (CB 03/24/01) which sets out a strategic objective to double the provision of Extra Care units across the area by 2029.

This reflects the Council's ambition to enable all adults to live healthy, independent lives for as long as possible. The proposal will support strategic housing priorities and contributes to the Medium-Term Financial Plan (MTFP) through capital receipts from asset disposal. (Property and Land Asset disposals CB 03/23/08)

### EXECUTIVE SUMMARY

This report seeks Cabinet approval for the procurement and contract award of a Strategic Extra Care Housing Partner develop a high-quality, affordable and sustainable 90 bedded Extra Care scheme on the Western site. This authority to be delegated to the Director of Adult Social Services in consultation with the Portfolio Holder.

The procurement will increase the Council's capacity to support older adults with care and support needs in a modern, community-based setting. Authority is also sought to delegate sale of the council owned land to the Interim Section 151 officer.

### RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the procurement of a Strategic Extra Care Housing Partner to develop the Western Site
2. Delegates authority to the Director of Adult Social Services in consultation with the Portfolio Holder for Health, Wellbeing and Adult Social Care, to award the contract.
3. Delegates authority of the sale or building lease purchase of the Western Site restricted for Extra Care development in accordance with the council's asset disposal strategy (CB 03/23/08) to the Director of Economy, Environment and

- Infrastructure in consultation with the Interim Section 151 officer.
4. Notes that the scheme contributes to the delivery of the All-Age Housing with Care Strategy 2025 –2029 and the MTFP.

## **REASONS FOR DECISION**

These approvals increase Extra Care Housing provision in North East Lincolnshire in line with the strategic ambition to double capacity by 2029, enabling more older adults to live independently with support in a suitable home which is safe and affordable. To make use of council owned land and secure capital investment from external partners, thereby supporting financial sustainability.

### **1. BACKGROUND AND ISSUES**

North East Lincolnshire currently operates two Extra Care scheme as part of their Support at Home Contracts. Both schemes are fully occupied with waiting lists, demonstrating the strong demand for this level of care and support based accommodation. The All-Age Housing with Care Strategic (2025-2029) highlights the need to double the number of Extra Care units from 120 to 300.

The Western Site has been identified as suitable for development, and a procurement exercise is proposed to select a delivery partner. This report proposes the procurement of a 90-bed Extra Care scheme required to meet this target with the option of additional schemes in the future. This would include up to 8 stepdown places and care provision will need to be able to meet the demands of Older People and people suitable for Extra Care including those with Mental Health needs.

The Western Site is a Council-owned parcel of land identified for disposal which has been assessed as suitable for Extra Care development. Planning permission for 90 beds has been granted and a Homes England grant to fund the infrastructure successfully obtained. The surrounding land is purchased through a building lease by Keepmoat for the development of affordable homes. This development is underway, and these homes will be sold upon completion.

The Council proposes a procurement exercise to select and appoint the most advantageous strategic partner who will purchase the site, design and construct the scheme and work in partnership with Adult Social Care to deliver long term affordable housing solutions for older people with varying levels of care needs.

Evaluation of affordability for future tenants, future Council/ ICB cost avoidance and income generation for the Council from the land sale suggests that a single strategic partner provider is needed to support these outcomes. Market engagement carried out in 2024 means that the market are aware of the intentions to procure new Extra Care Housing under the new Procurement regulations (Feb 2025)

The selected partner will purchase the site, design, build and operate the scheme, offering independent living options with 24/7 on-site support.

## Proposed Timetable

| Proposed Tender Timeline                            |                               |
|---|-------------------------------|
| ITT Issued  | 8 September 2025              |
| Clarification Question Deadline                     | 17:00 hours – 7 October 2025  |
| ITT Submission Deadline                             | 15 October 2025               |
| Evaluation Period                                   | 16 October – 14 November 2025 |
| Supplier Award Notification                         | 26 November 2025              |
| Standstill period ends                              | 23:59 8 December 2025         |
| Award   | 9 December 2025               |
| Contract Award to Development Commencement Timeline |                               |
| Complete Heads of Terms contract                    | February 2026                 |
| Submit planning permission                          | March 2026                    |
| Anticipated planning application approval           | September 2026                |
| Start on site                                       | November 2026                 |

This procurement aligns with national and local strategic priorities, including the Council Plan, Adult Social Care transformation programme, the Housing Strategy and the All-Age Housing with Care Strategy. The model of Extra Care Housing has demonstrated cost savings compared to residential placements and can prevent or delay hospital admissions and long-term care dependency. This procurement also supports market shaping duties and partnership ambitions under the ICB (Humber & North Yorkshire Integrated Care System HNYICB).

## 2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

### 2.1 Risks

There are two main risks to this procurement exercise:

1. The risk of failure to procure a viable partner could delay delivery. This is mitigated by market engagement which demonstrated market interest.
2. Rising construction costs and market conditions may impact viability and timescales for the build. The financial risk is carried by the delivery partner and not the Council.

### 2.2 Opportunities

This meets strategic housing and care needs locally. This also reduces reliance on more expensive out of area or residential care placements.

### 2.3 Equality Issues

An equalities Impact Assessment will be completed as part of the procurement process to ensure inclusive design and accessibility.

### **3. OTHER OPTIONS CONSIDERED**

- 3.1. *Direct delivery by the Council.* This was discounted due to the financial constraints and delivery risks. The capital receipts would not be achieved. Additionally, there are specialist Extra Care developers in the market who will be able to deliver this faster.
- 3.2. *Do nothing.* This would not address the strategic need for increased Extra Care provision and would forgo the opportunity to utilise Council assets. There would be added pressures on the Residential and Nursing budgets as demand for 24/7 care increases.

### **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1. There are positive reputation implications in progressing with this procurement particularly as the site is part of an affordable housing development and this scheme will provide a community hub for tenants and potentially the wider community. The Extra Care site is at the front of the Western Site, accessible from Cambridge Road. More residents will be able to stay close to their current homes and be provided with 24/7 support whilst maintaining independence.
- 4.2. A communications plan will be developed with the Council's communications services to support community engagement, statutory consultations and promotion of the Extra Care scheme.

### **5. FINANCIAL CONSIDERATIONS**

- 5.1. The development will be financed by the appointed partner, with no capital outlay from the Council and no call on Council reserves. The Council will benefit from a one-off capital receipt from the land disposal and long-term savings through reduced reliance on residential care. The scheme is consistent with the Council's MTFP and Capital Investment Strategy.
- 5.2. The Financial Evaluation for this procurement exercise is 2-fold:
  1. Financial evaluation of rents to ensure that the rents and service charge are affordable for both the Council and any private / self-funders. This will interact with charging.
  2. Financial evaluation of the land price purchase. This will be based on the price bidders are committed to pay and whether this is paid in one or two payments.

### **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

Whilst there are no direct implications for Children and Young People increased Extra Care provision could free up other housing resources and support multi-generational housing planning.

### **7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS**

The procurement requirements are aligned with the Council's Carbon Roadmap, including net-zero construction principles, sustainable transport links and green infrastructure where appropriate.

## **8. CONSULTATION WITH SCRUTINY**

The All-Age Housing with Care Strategy was reviewed by Scrutiny in September 2024 and agreed by cabinet in. This scheme contributes directly to the delivery of that strategy. Further consultation will be undertaken after contract award.

## **9. FINANCIAL IMPLICATIONS**

- 9.1. The sale of land is expected to generate a capital receipt for the Council, contributing to overall savings. This receipt can be allocated to other Council projects and services, thereby reducing the need for additional funding from other sources.
- 9.2. Prioritising affordable housing in the evaluation process aims to maximize accessibility for local people. This approach may result in lower rental income compared to market rates, but it supports the Council's social objectives and long-term community stability.
- 9.3. Incorporating social value as an evaluation criterion ensures that the project delivers measurable local economic impact. This may include job creation, local business support, and community development initiatives. While there may be initial costs associated with implementing these measures, the long-term benefits to the local economy and community well-being are substantial.
- 9.4. The proposed agreement allows for 100% Council nominations. This could lead to potential financial implications related to vacancy rates. Effective management strategies will be essential to minimise these costs and ensure optimal occupancy rates

## **10. LEGAL IMPLICATIONS**

- 10.1. In accordance with the section 75 agreement the ICB will be procuring this scheme on behalf of the council.
- 10.2. The procurement process will be conducted under the provisions of the Procurement Act 2023, using an open procedure to ensure transparency, fairness, and compliance with legal obligations. Given the scale and complexity of this procurement, covering capital development, housing management, and care/support services, strict adherence to all relevant UK legislation is essential. This includes, but is not limited to, the Procurement Act 2023, Equality Act 2010, and the Public Services (Social Value) Act 2012.
- 10.3. The Land disposal obligations are being drafted alongside the Heads of Terms and Development agreement that will be available within the tender documents.
- 10.4. The Nomination Agreement has been developed with both North East Lincolnshire Council legal team and the ICB legal team to ensure robustness and learning used from other schemes.

10.5. A Nominations Agreement will be developed as part of the process.

## **11. HUMAN RESOURCES IMPLICATIONS**

There are no Human Resources implications arising as a result of this report.

## **12. WARD IMPLICATIONS**

12.1. The Western Site is located within South Ward and is expected to have a positive local impact through job creation and housing provision.

12.2. The Extra Care scheme will create new opportunities for social inclusion and collaborate with local partners to increase social value.

12.3. The Western Site is part of a larger affordable housing site which will provide a community of new families and homes to the ward.

12.4. The development of any new scheme would be subject to individual scrutiny and approval including engagement with locally elected members and would impact all residents in North East Lincolnshire.

## **13. BACKGROUND PAPERS**

All Age Housing with Care Strategy 2025-2029 (CB 03/24/01)  
Budget and Medium-Term Financial Plan 2025/26 - 2027/28  
Council Asset Disposal Strategy (CB 03/23/08)

## **14. CONTACT OFFICER(S)**

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