

DELEGATED DECISION REPORT TO:	Councillor Simon Hall, Cabinet Member for Finance and Resources
SUBJECT:	Purchase of Angel Lodge, 12 Markfield Road, South Croydon
LEAD OFFICER:	Guy Van Dichele Executive Director Health, Wellbeing and adults
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	Sanderstead
CORPORATE PRIORITY <p>To provide a decent, safe, and affordable home for every local resident who needs one</p> <p>To help families be healthy and resilient and able to maximise their life chances and independence</p>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS <p>It is proposed that the council purchase Angel Lodge 12 Markfield Road which currently has 4 vulnerable Croydon residents in occupation together with a fifth person placed by LB Sutton. This will ensure that the Council can continue care provision within the same property.</p>	
FINANCIAL IMPACT <p>The financial case shows that committing to this purchase of the care home will generate a net annual saving of c£109k for the general fund. The purchase of the asset will be funded from Capital.</p>	
KEY DECISION n/a	

The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

Cabinet Member for Finance & Resources in consultation with the Leader agrees the following:

- 1.1 That the Council purchase Angel Lodge, 12 Markfield Road South Croydon CR2 0BE on the terms detailed in the Part B report.
- 1.2 Agree that, for the reasons detailed in paragraph 5.1 of the Part A Report, the Executive Director Resources be given delegated authority, in consultation with the Cabinet Member for Resources, to approve minor amendments to the terms set out in this report.

2. EXECUTIVE SUMMARY

- 2.1 The decision to purchase Angel Lodge is in the best interests of the vulnerable residents currently residing in the property to best meet their housing and care needs and reduce the risks to the Council of losing a care home provision. The decision is also of financial benefit to Croydon Council as the net purchase costs of the property will generate a significant revenue saving based upon the option of relocation or paying a third party provider.

3. DETAIL

- 3.1 Angel Lodge is a 5 bed residential care home providing residential care for 4 Croydon clients with mental health conditions, there is one out of borough client. All the Croydon clients are under 60 years and have a degree of independence although there is no expectation they could live entirely independently. Although these are “temporary” placements one of resident has been in occupation for more than ten years. There are altogether 96 Croydon clients of this type in the borough, two thirds of whom have been in their current accommodation for five years or more.
- 3.2 There is a general shortage of good quality care home properties and providers within the area and especially in Croydon. The operator for Angel Lodge, Bertinaley Care Ltd, went into receivership in August 2018 and the administrators are now seeking to dispose of the asset as although they have continued to operate it as a care home through a specialist operator, it is making a loss.
- 3.3 The property is being marketed through specialist agents and has received some interest from developers looking to refurbish the property and return it to private residential use. Should this property be sold, the Council would be faced with trying to relocate four vulnerable residents and find a new home with a private provider.
- 3.4 The property offers good quality accommodation and is currently set out with 5 bedrooms. The property benefits from a manageable low maintenance garden which is accessible for the residents. The proposed purchase price has been considered by the Head of Asset Management and is considered to be reasonable for the freehold purchase based on other recent sales in the area and allows for the repair and decoration works identified in the survey report
- 3.5 The property has been used by the Council continuously for at least 11 years and provides suitable accommodation for these residents. The property does need some internal updating and a building survey has identified some external works, mainly of a cosmetic nature and the works have been costed and reflected in the proposed purchase price. The specialist team of officers dealing with this type of provision have confirmed that the property is suitable for the proposed purpose and meets all the current standards for care accommodation.
- 3.6 Terms have been agreed for the purchase and full due diligence, including a fire risk assessment will be undertaken prior to formal commitment to the purchase. A building survey has already been undertaken and the repair issues identified have been reflected in the valuation

4 CONSULTATION

- 4.1 Not needed

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 The weekly cost per client of this kind of accommodation is between £500 and £700 per week (£26k and £37k per annum). This cost covers all living expenses, care and services and £23.40 per week pocket money. It is poor value for money for the local authority, and offers little opportunity for enablement or living independently for the client, and offers little in the way of cashable income to the private sector providers.

All the ordinary living costs and the provider's surplus costs of this provision are unnecessarily carried by Adult Social Care. For the Care Home provider the rates paid, especial for smaller care homes with little opportunity of sharing overheads between clients, offer small margins and the greatest financial benefits rest in the asset value of the property when they are realised.

If the receiver had sold the business as a going concern then we would have been presented with a substantial increase in rates – with no significant increase in the quality and quantity of the provision

- 5.2 Going forward the preferred model of care for clients with the needs located in Angel Lodge is supported living, in which the clients will have an accommodation agreement (usually a licence to occupy) and receives Housing Benefit at an enhanced rate, and full benefits. The landlord receives more than the LHA rate and clients contribute to non Housing Benefit eligible service charges and utilities and the care provider is paid for delivering care and support. Where the landlord is the council or a Housing Association 100% of the Housing Benefit is refunded by the government.

The financial model separates care and support costs from accommodation cost, attracts substantial income from central government into social care so this option is immediately sustainable for the council and the care and support provider. It therefore offers a better financial opportunity, and most importantly, delivers greater independence and quality of life for clients.

- 5.3 While the private sector can currently provide cost effective high quality care and support, it cannot do this and meet the hoteling costs associated with care and accommodation in a similar cost effective way.

As the council works to build up it's capacity to deliver and manage good quality domiciliary care in supported living and extra care it may soon be able to provide care and support and accommodation. Building up its base now of directly-owned specified accommodation for which it is the landlord is an important step in this direction. The Angel Lodge purchase provides this opportunity

- 5.4 Angel Lodge is on the market for £700k, plus associated legal and moving costs. In addition there is a need for some ongoing repair and maintenance costs but as the property is already in use as a care home the cost for further adaptations are minimal as the property is already of an acceptable standard and the CQC rating for the home is overall Good. There is a risk that a home converted in this way will lose value (due to conversion costs) and be harder to sell if it becomes obsolete for this specific purpose but this is felt to be low risk.
- 5.5 The purchase will provide the tenants and the Council more security in respect of care provision for this vulnerable sector in what is becoming an increasingly volatile market.
- 5.6 If we are not successful with the purchase, the current indication is that the property will be sold to a developer for conversion back into a private residential house or flats and there would therefore be a need to rehome the 4 current Croydon tenants.

Approved by: Lisa Taylor – Director of Finance Investment and Risk and s151 Officer

6 LEGAL CONSIDERATIONS

- 6.1 The Director of Law and Governance comments that the Council has the legal power to invest in property for the desired purpose of providing housing of a suitable nature for residents with specific needs.

The relevant statutory law provides:

- (1) Section 17 of the Housing Act 1985 provides:
“A local housing authority may for the purposes of this Partacquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings”
- (2) Section 120 of the Local Government Act 1972 provides that a local authority may *“for the purposes of any of their functions under this or any other enactment, acquire by agreement any land, whether situated inside or outside their area”*
- (3) Section 12 of the Local Government Act 2003 gives local authorities power to invest for any purpose relevant to its functions under any enactment.
- (4) Section 1 of the Localism Act 2011 (‘the general power of competence’) is, the power to do anything any individual may do. The general power is not an unfettered power as it cannot override restrictions imposed by other specific application statutory provisions, but as can be seen above it is not restricted by the other enabling statutes referred to above and, therefore could be a further source of legal power for the initiative.

Approved by Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer

7 ENVIRONMENTAL IMPACT

- 7.1 No specific adverse environmental impacts have been identified resulting from the proposals contained in this report.

8 CRIME AND DISORDER REDUCTION IMPACT

- 8.1 No specific adverse crime and disorder impacts have been identified resulting from the proposals contained in this report

9 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 9.1 To buy a property on the open market in order to provide more appropriate accommodation for vulnerable residents longer term needs and reduce costs to Croydon in excess of £109k per year

10 OPTIONS CONSIDERED AND REJECTED

- 10.1 Private rented sector –
The receiver has not been able to sell the business as a going concern as a Private Care Home.
- 10.2 The savings for Supported Living Model with a rent-to-rent or care provider landlord are not available to the Council

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BACKGROUND DOCUMENTS: None