

# Health and Social Care Scrutiny Commission

Wednesday 2 April 2025  
7.00 pm  
160, Tooley Street, SE1 2QH

## Tabled papers

### List of Contents

Item No.	Title	Page No.
6.	Care Home - delivery model	1 - 4

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**Asylum Road Care Home Update paper**

2 April 2025

**To: Health and Social Care Scrutiny Committee**

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**Exec summary**

1. The council is looking to approach the market with a development opportunity on the Asylum Road site, SE15, for a new care home. This follows an Independent Decision Maker (IDM) report approval for this site to be used as the location for a care home (April 2024). It is also in line with the council's evidence-base (August 2024) of the on-going demand for this type of care home in the borough, notwithstanding that the Council Delivery Plan (CDP) 2022-26 commitments for care home provision have been delivered.
2. That market-led process is now in preparation under the Sustainable Growth Division (SG), with Adult Social Care (ASC) committed to inputting into the process via a newly established steering group. Depending on whether there is interest from the market, and on the quality of the returned bid offers, Cabinet approval to proceed with the land 'sale' (a long lease) will be sought; this is likely to be in September 2025.

**Introduction**

3. The purpose of the paper is to set out the rationale for proceeding with a market-led approach for this project. For information only, the paper sets out the other options considered but set aside.
4. The paper follows a similar structure to a Cabinet gateway 1 template, setting out the approach taken; then alternative options considered and not recommended; then the implementation timeline; and then the background at the end.

**THE APPROACH TAKEN****Market-led approach**

5. SG is exploring a market-led approach to the delivery of the care home at Asylum Road. This follows the April 24 IDM approval and the demonstrable need for this form of accommodation in the borough. ASC is fully appraised of the approach and is in agreement to proceed on that basis.
6. The market-led approach is one which secures project standards and outputs via the requirements set out by Planning, Building Control and, in this case, the Care Quality Commission (CQC). Certain core documents, for information only, may be provided in the 'data room' of the marketing pack and, in this case, will include the council's Residential Design Charter for nursing home care, the Southwark's Nursing Care Home Specification, the design Massing Study, and the council's social values including Fairer Futures and London Living Wage (LLW).
7. The market-led approach, formalised through a land-transaction, enables the council to obtain an optimal offer in return for the value of its land. It enables the

market to bring to bear its ideas, suggestions and know-how and to propose these to the council.

8. The council's control over the process will be through the selection and appraisal of the bids and by means of interviews with the bidders. The steering group will lead on the drawing up of the bidder long-list invited to submit offers; on receipt of bids, the steering group will select a shortlist and, ultimately, the preferred development partner entity. In this way, it is anticipated that the market-led approach will yield the optimal offer for the council.

## **ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

### **Do nothing**

9. The council has the option to do nothing, given that the CDP 2022-26 commitments have been discharged with respect to bringing forward a new care home (see the background section below). However, the refreshed ASC Needs Assessment (August 2024) demonstrates that there is need for more care home accommodation in the borough.
10. For this reason, the 'do nothing' option has been set aside.

### **Land Disposal**

11. The council could proceed with a land disposal on the Asylum Road site, inviting bids for general-needs housing; the site has been empty for a few years and development is over-due. However, the April 2024 IDM set out the council's preference for this site to be the location for a care home.
12. A key consideration in that paper was the constraints of the site for general-needs housing, including restrictions on height. By contrast that height constraint lends itself well to a care home provision which, for operational reasons, is better at low to mid-rise.
13. In addition, a commitment has been made to local people at a public consultation event over a year ago (March 2024), setting out that the council will be bringing forward a care home on this site. This proposal met with a positive response.
14. For these reasons, a land disposal option has been set aside.

### **Direct delivery**

15. The Capital Monitor funding allocation of £16m for the care home has been largely expended with the purchase of Tower Bridge Nursing Home (see background section, below) and there is no further capital budget allocation. For the record, a cost analysis for the new care home undertaken by external consultants in April 2023 put the figure at £20m. Allowing inflation and further contingency, a guide cost at today's rates would be circa £25-30m.
16. Even if funding were available, and the council undertook the delivery itself, the likelihood of entering into a tie-in agreement with an end-operator at the required point in the process (i.e. early on in the design stage, circa 4 years prior to uptake of occupation) is slim. Without that input, there is a risk the design could be less suited to a future operator.
17. For these reasons, the direct delivery approach has been set aside.

### **Development partner procurement – open market, invited or framework**

18. Typically, procurement is a longer and more costly process than a market-led process. In line with Procurement Act 2023 thresholds, the open-market, or invited, process requires a full Invitation to Tender (ITT) (including the suite of draft legal documents) at Procurement Specific Questionnaire (PSQ) stage, presenting a heavily front-loaded timeline, and associated cost to the council. This can be mitigated by means of procurement via a framework; however, the framework route restricts the longlist of bidding entities to those on a framework lot.
19. A procurement route is suitable where specific, or tailored, output requirements are sought that are beyond the requirements of statutory bodies and beyond the requirements of the CQC; for example, where the council might prescribe: the size of the facility; or some specific requirement within the development (e.g. a young adult wing, as was considered at one stage). However, in this case, there is no bespoke or specific spatial or programme requirements.
20. For all these reasons, the development partner procurement route was set aside.

### **SUMMARY AND NEXT STEPS (IMPLEMENTATION)**

21. In summary, the market-led approach is appropriate for this project, enabling the market to step forward with its proposals to deliver a targeted nil-cost solution to the council for the delivery of a care home. A long-list of funder/developer/operator entities will be drawn up and invited to submit an offer; it is noted that the ASC's preference is for an operator-led entity. A short-list will be selected and examples of their care homes will be visited by the steering group; a preferred entity will be selected based on agreed criteria.
22. The council, via the steering group, will have the opportunity through the selection process to choose the best offer in line with its care residents' needs, its values and its standards.
23. If no suitable or satisfactory offer comes forward, the council will have recourse to not proceed at all.
24. The process of going to the market will be conducted over the next 4 months. If it yields a satisfactory result, the SG will prepare a recommendation for approval to Cabinet, anticipated to go to the September 25 meeting.
25. A high-level timeline is set out below:

<b>Task</b>	<b>Target Date</b>
Prepare marketing pack	March 25
Commence buyer engagement	Apr - May 25
Receiving indicative bids	May 25
Shortlisting / Council visiting bidders care-homes.	Jun 25
Final bidder selection	Jun 25
Seek Cabinet approval	Sep 25
Negotiations and finalising heads of terms	Sep 25
Selection award; due diligence; exchange of contracts	Sep – Nov 25
Design development for planning	Nov – Aug 26
Planning approval	Nov 26
Completion of 'sale' (long lease)	Jan 27

## BACKGROUND INFORMATION

26. **Funding and delivery options:** Capital funding allocation of £10m for a new care home was identified in the 2022/23 Capital Monitor under ASC; this was subsequently increased to £16m in the Capital refresh at the end of 2022. It was agreed early on to progress the project based on the development partner route. SG then carried out due-diligence on the financial model and this indicated that, based on a 100-bedspace facility, potentially 50% bedspaces at council funded rent levels might be achieved, dependent on a number of input variables. It was recognised that some of the £16m capital funding might be used to bolster the development offer (i.e. to purchase more bedspaces).
27. **Site selection, capacity study and securing the site:** In late 2022 the council set about identifying and testing potential sites; of the eight considered, three were shortlisted. In line with the brief for a circa 100-bed facility in the south of the borough, Asylum Road was found to be the only council-owned site of a suitable size and location. In parallel, from mid-2023 work was undertaken to formalise the use of the site; that concluded with the April 24 IDM report, which confirmed the site as the location of a care home.
28. **Benefits of the Asylum Road site:** The reasons for the suitability of the Asylum Road site for a care home are well documented in that report, and include: the location in the south/mid of the borough where there is demand; the proximity of the station for both visitors and shift-working staff (mainly female); the opportunity to repair the street frontage with a proportionate building; and the proposed location of a garden area to the west, which is sympathetic to the neighbouring houses. In March 2024 a consultation event was held with local people setting out the care home initiative; in contrast to previous significant opposition to the council's earlier proposal for the site, this was met with favourable response.
29. **Council Delivery Plan commitments met:** in late 2024, it was concluded that the CDP 2022-26 commitments with regard to nursing care provision had, in fact, already been met with the delivery of Camberwell Lodge Nursing Home opened in May 2022 and with the purchase of Tower Bridge Nursing Home in 2024. Notwithstanding, the council's ASC Needs Assessment (August 2024) identified an on-going demand for nursing home care. This project is intended to contribute to meeting that need.

End.