

# Report



Meeting:	<b>CABINET COMMITTEE TO REVIEW THE STRATEGIC DIRECTION FOR COUNCIL RESIDENTIAL HOMES FOR OLDER PEOPLE AND FOR EXTRA CARE SERVICES</b>	Agenda item number:
		<b>Addendum to Item 7</b>
Date:	3 <sup>rd</sup> September 2007	

## **REPORT OF THE DEPUTY LEADER**

### **ADDENDUM TO THE REPORT - INFORMATION CONSIDERED, CONCLUSIONS AND PROPOSED RECOMMENDATIONS OF THE CABINET COMMITTEE**

#### **1. Purpose of the Report**

- 1.1 To inform members of the Committee of an error in the report to this meeting of the Cabinet Committee, titled 'Information Considered, Conclusions and Proposed Recommendations of the Cabinet Committee' and to propose amendments to the report and recommendations.

#### **2. Information and Advice**

- 2.1 The report to this meeting titled 'Information Considered, Conclusions and Proposed Recommendations of the Cabinet Committee' was published on 22<sup>nd</sup> August. It was subsequently discovered that there was an error in this report.
- 2.2 Bishops Court in Boughton was listed as one of the homes which it was recommended should continue to provide residential care. It should have been included as one of the homes which it was recommended should be considered for closure, subject to a consultation process.
- 2.3 This error is deeply regretted for the distress it has caused to those involved, who were quickly informed of this error once it was discovered.
- 2.4 The error resulted from a communication error between key people, which was a consequence of finalising a large report over the holiday period, with a number of proposals under consideration.
- 2.5 This report is recommending that Bishops Court should be considered for closure, subject to a consultation process, and that relevant paragraphs and recommendations in the report should be amended as recommended before it is submitted to Cabinet.

2.6 Therefore the recommendations (b) and (c) will be changed from:

- (b) That the County Council should continue to provide residential care for older people from one care home in each District, and two in Newark and Sherwood in recognition of the exceptional circumstances in that District. The homes which will continue to provide care will be Westwood in Worksop, Maun View in Mansfield, Jubilee Court in Hucknall, Woods Court in Newark, Bishops Court in Boughton, Braywood Gardens in Carlton, Bramwell in Chilwell and Leawood Manor in Edwalton.
- (c) That the remaining care homes should be considered for closure, subject to a formal consultation process. The homes which should be considered for closure and subject to a consultation process are St Michael's View in Retford, James Hince Court in Carlton-in-Lindrick, Daleside in Mansfield, Kirklands in Sutton-in-Ashfield, Ashcroft in Kirkby-in-Ashfield, Leivers Court in Arnold, Beauvale Court in Eastwood.

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- (b) That the County Council should continue to provide residential care for older people from one care home in each District. The homes which will continue to provide care will be Westwood in Worksop, Maun View in Mansfield, Jubilee Court in Hucknall, Woods Court in Newark, Braywood Gardens in Carlton, Bramwell in Chilwell and Leawood Manor in Edwalton.
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2.7 As a result of this change, the financial implications have been reworked and it is recommended that the following paragraphs in the original report should be deleted and replaced with paragraphs with the revised financial calculations.

2.8 Paragraphs 2.15.12 to 2.15.17 should be replaced with the following:

2.15.12 The **Withdrawal** and **Strategic Share** options envisage that the Council would generate capital receipts that could offset some of the cost of providing extra care. For the purpose of this analysis the following assumptions have been made about the implications of the disposals that would take place, although it is recognised that in reality there could be some variations on these assumptions:

- **Withdrawal** – All of the “old” homes would be sold for development with the new homes sold as going concerns. Seven new day centres would be built to replace the lost capacity at a maximum cost of £1.5 million per centre.
- **Strategic Share** – Eight of the nine “old” homes would be sold for development, and for the purpose of the analysis it is assumed that Woods Court would at some point be rebuilt to modern standards. All of the capital

receipts generated from the sales would be used to fund replacement day care provision.

2.15.13 The anticipated sale value of the older homes is described above; in total, the nine sites could be expected to realise £6.6 million. If the Woods Court site was retained, the capital receipt would fall to £5.3 million.

2.15.14 Consideration has been given to the potential capital receipt that could be realised by disposing of the new homes as a going concern. A limited survey of residential care homes for sale in the Midlands indicates that the new homes could have a significant market value. Based on an average sale price of £37,000 per bed, the sale of the new homes might be expected to realise a capital receipt in the order of £12.2 million.

2.15.15 As a result, the following conclusions can be drawn:

- **Withdrawal** – This option may generate a capital receipt of £18.8 million. After allowing for £10.5 million to provide seven day centres, a balance of £8.3 million could be available to fund extra care. On the basis of the experience of the Rushcliffe scheme, this would be sufficient to enable the Council to fund 102 extra care units.
- **Strategic Share** - This option generates a £5.3 million capital receipt, which would be sufficient to meet some of the cost of the cost of replacement day care. No funding would be available to finance extra care.

### Comparison of the Capital Implications of the Options

2.15.16 The capital cost of the three options discussed above can be summarised as follows:

	£ Million <i>Stay as Now</i>	£ Million <i>Withdrawal</i>	£ Million <i>Strategic Share</i>
Replacement of "Old" Homes	33.3	0.0	4.2
Replacement day centres	0.0	10.5	10.5
150 extra care units	0.0	12.2	12.2
<b>Total Expenditure</b>	<b>33.3</b>	<b>22.7</b>	<b>26.9</b>
Capital Receipt from sale of "Old" Homes	0.0	-6.6	-5.3
Capital Receipt from sale of "New" Homes	0.0	-12.2	0.0
<b>Capital Receipts from Disposals</b>	<b>0.0</b>	<b>-18.8</b>	<b>-5.3</b>
<b>Capital Cost to the Council before Developer Contributions to Extra Care</b>	<b>33.3</b>	<b>3.9</b>	<b>21.6</b>
Developer Contribution to the Cost of Extra Care	0.0	-12.2	-12.2
<b>Capital Cost to the Council After Developer Contributions to Extra</b>	<b>33.3</b>	<b>-8.3</b>	<b>9.4</b>

	£ Million <i>Stay as Now</i>	£ Million <i>Withdrawal</i>	£ Million <i>Strategic Share</i>
Care			

2.15.17 The following conclusions about each option can be drawn:

#### **Stay as Now**

- This is the most expensive capital option and provides no extra care places
- The capital cost could be offset by the use of PFI, but this would have significant revenue implications and commit the Council to operating the homes for perhaps a 25 year period.

#### **Withdrawal**

- The capital cost of this option is potentially the lowest of the three, but is dependent on the extent to which the new homes can be sold as going concerns.
- The capital receipts together with the existing capital programme funding would be sufficient to replace the day care provision and fund 150 extra care places without relying on private sales of extra care accommodation.
- If a developer's contribution was secured to fund the extra care there is the potential to release £8.3 million of capital receipts to fund other priorities.

#### **Strategic Share**

- This option would require a substantial capital investment from the Council to deliver 150 extra care places without funding from private sales. As a result much more development land needs to be identified than is required by the other options.
- With private sales income, the Capital Programme would require £5.1 million in addition to the current provision of £4.3 million to deliver 150 extra care places and re-provide the day care services from the sold sites.

2.9 Paragraphs 2.15.25 to 2.15.28 should be deleted and replaced with:

2.15.25 Under the **Stay as Now** option, the budget costs set out above would be expected to be maintained in real terms throughout the review period. For reasons of prudence it is assumed that the revenue costs of the **Withdrawal** and **Strategic Share** options would be the same. TUPE requirements mean that the running costs of any homes that were sold would have to be met on the same terms and conditions for staff as if the Council were running the service itself.

2.15.26 Based on a model that sees 300 beds closing in the "Old" homes and being replaced by 150 extra care beds and 150 placements in the Independent Sector, once the options are fully implemented, total savings of £2.03 million could be realised as follows:

- **Extra Care** – After allowing for the loss of income at £21 per week, replacing 150 Council residential care beds with 150 extra care beds would save £167 per person per week, equating to £1.31 million per year.
- **Independent Sector residential care** – Replacing 150 Council residential beds with 150 in the Independent Sector would save some £92 per week for older people with dementia, equating to some £0.72 million per year.

### Transitional Costs

2.15.27 Whilst the final costs of the **Withdrawal** and **Strategic Share** options are expected to be the same, the pace and nature of the change will impact on the transitional costs that the Council incurs. These will mainly be in the area of redundancy/pension strain and provision of extra capacity to facilitate closures. Without more detail of the timeframes over which each option might be implemented, it is difficult to quantify the level of transitional costs at this stage. It is clear, however, that transitional costs for the **Withdrawal** option will exceed those for the **Strategic Share** option as the Council will lose the ability to redeploy staff or save costs through staff leaving/retiring. Experience with the modernisation of learning disability day services indicates that the transitional costs associated with the **Withdrawal** option could be in excess of £2.5 million.

### Summary of costs

2.15.28 In conclusion, the following points have emerged from the analysis to date:

- The **Stay as Now** option may require some £33.3 million of capital investment and would produce no revenue savings on the baseline budget.
- The **Withdrawal** option offers the potential to realise significant capital receipts that would finance the provision of day care facilities and enable the Council to provide extra care within current resources. Were external funds from developers to be secured, this option might provide funding for other priorities. In revenue terms, once fully implemented this option could save some £2.03 million, but at the risk of incurring significant transitional costs with regard to reshaping the workforce.
- The **Strategic Share** option also offers potential revenue savings of some £2.03 million per year, and greater control over the timing and amount of any transitional costs. It does, however, realistically rely on enough land to allow for developers to fund the extra care units through private sales or a capital contribution from the Council of some £21.6 million towards the cost of the scheme.

## 3. Statutory and Policy Implications of these amendments

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service. Where such implications are material, they have been described in the text of the report. Members' attention is however, drawn to the following:-

### 3.1.1 Personnel Implications

If Bishops Court were to close following decisions of the Cabinet Committee and Cabinet and the consultation process, then this would lead to redeployment, where possible, for staff or redundancy where this was not possible.

### 3.1.2 Financial Implications

These are contained in the report.

### 3.1.3 Equal Opportunities Implications

Any future service alternatives would need to ensure that the diverse needs of the area were appropriately provided for.

### 3.1.4 Implications for Service Users

If recommendations were agreed which could lead to the closing of Bishops Court, after consideration of the outcomes of formal consultation, then the residents in the home would need to move as it approached closure. The council would need to follow the established practice, of careful consideration of the options and wishes of each resident, with their families, and then carefully managed transfer to another setting. Alternative day service provision would also need to be provided or commissioned.

## 4. Recommendations

### 4.1 It is recommended that members of the Cabinet Committee:

- (i) Note and approve the changes to the report in the paragraphs above
- (ii) Agree the following revised recommendations and that these are then referred on to Cabinet on September 19<sup>th</sup> 2007 for approval:
  - (a) That the Cabinet should agree a new strategic direction for the provision of care homes and extra care services for older people. This strategic direction is recognised as needing at least five years for full implementation. The strategic direction will involve the following recommendations.
  - (b) That the County Council should continue to provide residential care for older people from one care home in each District. The homes which will continue to provide care will be Westwood in Worksop, Maun View in Mansfield, Jubilee Court in Hucknall, Woods Court in Newark, Braywood Gardens in Carlton, Bramwell in Chilwell and Leawood Manor in Edwalton.
  - (c) That the remaining care homes should be considered for closure, subject to a formal consultation process. The homes which should be considered for closure and subject to a consultation process are St Michael's View in Retford, James Hince Court in Carlton-in-Lindrick,

Daleside in Mansfield, Kirklands in Sutton-in-Ashfield, Ashcroft in Kirkby-in-Ashfield, Bishops Court in Boughton, Leivers Court in Arnold, Beauvale Court in Eastwood.

- (d) Where homes are closed, the land should be sold if the council has no further use for it and the resulting capital receipts should be used to provide community-based services, particularly day services and the development of extra care.
- (e) That the homes which are retained should be called Care and Support Centres and should normally provide the following services - emergency care, assessment, reablement, intermediate care, short-term care, breaks for carers, long-term care for people with complex conditions including mental health needs, and day services.
- (f) That a detailed strategy for day services in Adult Social Care and Health should be completed and presented to Cabinet for approval. This will be built on the understanding that the requirements from day services are changing and will continue to change with the further development of self directed care. It will take account of the principles and options listed in this report.
- (g) That discussions should continue with the Nottinghamshire Teaching Primary Care Trust, the Bassetlaw Primary Care Trust and the Nottinghamshire Healthcare Trust with a view to determining how those services which are currently jointly provided within Council care homes should be provided in the future and how joint arrangements should develop in the light of these recommendations.
- (h) That a programme of extra care development should be undertaken in the county, in partnership with District Councils and the Supporting People Commissioning Body and specialist developers who will be selected by tender processes. The aim of this should be to develop at least an additional 150 extra care places which are alternatives to residential care. Initial expressions of interest should be sought from potential partners in the development of this programme across Nottinghamshire, which will be followed by a detailed procurement process.
- (i) That the power to authorise decisions resulting from the extra care procurement process should be delegated to the Cabinet Members for Adult Services and Health and Finance and Property.
- (j) That the Strategic Director of Adult Social Care and Health and the Strategic Director of Resources should bring a report with a detailed implementation plan to Cabinet following the consultation process. This should include the staffing requirements for retained homes, the revenue savings which will be delivered, and the capital implications of this programme of change.

**5. Legal Services' Comments (DLS 24/08/07)**

- 5.1 It is within the Committee's authority to determine the recommendations to be made to Cabinet. There are no other legal issues arising from the Report that require specific comment.

**6. Strategic Director of Resources' Financial Comment (RK 24/08/07)**

- 6.1 The recommended changes to the paragraphs in the original report reflect the impact of the new recommendation concerning Bishops Court.

**7. Background Papers Available for Inspection**

- 7.1 None.

**8. Electoral Divisions(s) Affected**

- 8.1 Nottinghamshire.

**COUNCILLOR MICHAEL STOREY**  
**Deputy Leader of the Council**