



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
date	16 <sup>th</sup> APRIL 2007	

**REPORT OF THE STRATEGIC DIRECTOR OF ADULT SOCIAL CARE AND HEALTH**

**BACKGROUND TO THE REVIEW OF THE RESIDENTIAL HOMES STRATEGY, EXTRA CARE DEVELOPMENTS AND THEIR CONTEXT**

**1. Purpose of the Report**

1.1 The purpose of the report is to inform the members of this Cabinet Committee about the context for the provision of care homes and extra care services.

**2. Information and Advice**

**2.1 Current strategic direction of the Council**

2.1.1 The last detailed review of the strategic direction for care homes for older people and related provision was in 2003 to 2004, when a Residential Homes for Older People Working Group met. Reports related to the work of this Working Group were submitted to Cabinet on 28<sup>th</sup> January 2004, 24<sup>th</sup> March 2004, 12<sup>th</sup> January 2005 and 13<sup>th</sup> July 2005.

2.1.2 The Working Group took stock of the developments since a review shortly after Local Government Reorganisation which had led to a strategy for the replacement of homes which were not viable in the longer term by a series of new build homes with day services, and a unique development in Southwell. At that time, the council had 975 beds. As a result of that strategy, between August 1998 and 2005, 15 homes were closed. They were replaced by 5 new build homes with 60 beds and day services in Mansfield, Worksop, Gedling, Hucknall and Chilwell, and supported

housing with extra care, day services and short term care in Southwell, in partnership with the Anchor Trust.

- 2.1.3 The new Departmental care homes are 'state of the art', with the 60 beds divided in to units of 15, with a strong emphasis on partnerships, seen in the provision of 'intermediate care' with the Primary Care Trusts and a specialist mental health unit with Nottinghamshire Healthcare Trust at Bramwell in Chilwell.
- 2.1.4 The Working Group took the view that there should be a shift from a primarily residential care focussed approach and that the next phase of development should involve 'mixed care', a local concept which brought together residential care, supported housing with extra care, and day services, with strong community facilities and links. This reflected the approach in Southwell and has been demonstrated in the subsequent development of the 32 bed Leawood Manor care home with day services and Hilton Grange supported housing, which have been developed in partnership with Rushcliffe Homes and have recently opened in Edwalton. The supported housing there provides a range of both rented and leasehold independent flats with available levels of care and support up to 'extra care' levels. This development has replaced two further homes which have been closed in Rushcliffe, as well as some Rushcliffe Homes provision.
- 2.1.5 It was also agreed that this approach should be adopted in replacing other homes which were no longer sustainable in the longer term, and it was agreed that priority should be given to Ashfield and Mansfield next. As a result of this, capital funding of £21.5 million is in the capital budget for further developments. The Working Group and Cabinet also supported (unsuccessful) bids to the first two rounds of the Extra Care Sheltered Housing Fund which the Department of Health had set up.
- 2.1.6 The council now has 15 directly provided homes, which have 675 beds providing long term care and intermediate and short term care, with some 2000 people receiving day services on these premises.
- 2.1.7 The work of this Cabinet Committee will shape the next phase of development and this report is intended to provide information to assist that review.

## 2.2 Responsibilities of the local authority and relevant service provision

### **Statutory functions**

- 2.2.1 A core responsibility of local authorities in adult services is to carry out an assessment of need with the service user, their carers and other relevant agencies in order to determine the service user's eligibility for a range of services. Following assessment, the task for departmental staff is to

identify the most appropriate supports within available resources to meet their social care needs, taking account of the choices of the service user. Where a care service is to be provided, the statutory responsibility is then to arrange the care that is appropriate to their needs, taking account of their choice.

- 2.2.2 Until changes were brought in through the NHS and Community Care Act, 1990, the former Department of Health and Social Security (DHSS) used to fund care places in Independent Sector homes, and the only role of the Local Authority in providing care was as another provider. In 1993 there was a funding shift and since then, Local Authorities have carried both the assessment and the funding responsibilities for all services, irrespective of the provider.
- 2.2.3 As a social care authority, Nottinghamshire County Council has an obligation to ensure that those people who are assessed by the authority's staff as needing a place in a care home are funded for that care. Some people will fund themselves entirely, others will not have sufficient resources to do this either totally or in part, and the local authority then has a responsibility to fund that person.

#### **Ensuring services are available, but no obligation to provide**

- 2.2.4 As a social care authority, there is a responsibility to ensure that there is an adequate supply of appropriate services for those who need care, and for residential care, this is including nursing care. While the NHS provides the funding for the nursing element of care for people assessed as needing nursing care, this is a smaller proportion of the cost of most nursing care than the amount required for the social care element of their living costs. The local authority has the responsibility to fund the social care element, with the same rules about 'self funding' applying. The exception is those people who are assessed as eligible for continuing health care from the NHS, in which circumstances, the NHS will meet the full cost.
- 2.2.5 The authority has no responsibility to be a provider of care, only to ensure that there is adequate availability of care services for people who need them in our local authority area.
- 2.2.6 People going in to a care home choose the home they go in to; this is very often the result of what is available in their local area. Some people will choose to go in to a care home run by the Local Authority, if there are some in their area of choice. Others will not; however, where they are funded by the Local Authority, they will need to choose a home which will accept them at the price which the Local Authority will pay. If, however, there is a 'third party' – usually a relative, or friend – who will pay a 'third party top up' for a more expensive home or room, then this can

supplement the Local Authority payment to the care home, in order to achieve this.

- 2.2.7 There are currently 3,047 older people funded in long term care by the council, with 456 of these in council homes and the remaining 2,591 in independent sector homes.

### **Charges for residential care services**

- 2.2.8 There are national rules for charging people who are living in a care home, and any person who has capital of over £21,500 is liable to fund their own residential care. This will be at whatever rate is agreed between them and the care home, or when local authority homes are concerned, the standard charge in such circumstances. People in such circumstances are often referred to as 'self-funders'.

- 2.2.9 If assets fall below that level, the Local Authority will partially fund the care place, following an assessment of savings and income. If the person is living in an independent sector care home charging more than the local authority normally pays to commission such services, the local authority may decide, taking all the resident's needs in to account, that they should move to a home which charges less. Once capital reduces to £13,000, then the local authority assumes full funding responsibility. Within the national regulations, a funded resident receives only a small personal allowance in addition to their care payment.

### **Extra care**

- 2.2.10 As well as care home provision, the Department currently funds 134 extra care places. Extra care involves a modern setting where residents have their own accommodation, with housing support available to them, and care services available on a 24 hour basis. There are also usually good communal facilities. It is designed as an alternative to residential care, with the capacity to provide a flexible care service at an intensive level. It always involves a partnership, in that the Department's element will be to fund the care service; another organisation will provide the accommodation and there will be Supporting People funded housing related support, also provided by another organisation.

### **Best value and value for money**

- 2.2.11 The council has responsibilities to purchase and deliver services within the frameworks of 'best value' and 'value for money', i.e. making good use of public funding to achieve value cost, quality and performance. High expenditure in one area reduces the amount in others. Government produces and uses in their inspections and evaluations a great deal of comparative information about services and costs across different authorities.

## 2.3 The national context

### **The White Paper – Our Health, Our Care, Our Say**

- 2.3.1 The recent White Paper “Our Health, Our Care, Our Say”, expects adult social care departments to provide opportunities for greater choice and control by service users and expects local authorities to work strategically with partners to achieve this. The White Paper also expects authorities to work with Primary Care Trusts to develop a range of services ‘closer to home’ which improve people’s well-being and extend their period of independent living. No additional money has been allocated for the changes so any reconfiguration has to come from within existing budgets.

### **Department of Health requirements**

- 2.3.2 The Department of Health has been clear in its policies, performance indicators and funding incentives that it sees the promotion of independence as ‘the cornerstone of adult social care services’. There is an expectation nationally that older people should receive care in their own homes rather than in residential care where possible. Performance indicators are geared to an increase in older people helped to live at home, including through intensive support, and to a reduction of older people living in care homes.
- 2.3.3 Extra care provides people with the opportunity to remain independent but with greater levels of support and with care packages tailored to suit their individual needs. In performance measurement terms, the Department of Health regards extra care as a community based service, not a residential setting.
- 2.3.4 However, extra care is not necessarily suitable for all people and for now, some needs are most appropriately met within a care home. This is particularly the case for some older people with dementia, who may require oversight and support round the clock, or may pose difficulties in their interactions with other people, which cannot be easily provided for in another setting, even extra care.

## 2.4 The local context

### **An ageing society**

- 2.4.1 Predictions for population growth show a continuing sharp increase in the number of older people in the county, particularly those over 85 years, which is the age when people are most likely to need services at an intensive level and when the likelihood of dementia increases very significantly. This population increase is demonstrated in **Appendix 1**.

2.4.2 The demands of this increasingly ageing population on social care services will continue to increase, and in an increasingly property owning society, there will be a reduced demand for, and changing expectations of, rented sheltered housing. This changing financial context increases the likelihood that older people will want to purchase services such as leasehold supported housing in order to retain independence and protect their inheritance. Equally, there are also insurance packages which can help people who enter care homes as self funders retain some of their capital even if they remain in the care home for a long time.

### Budget

	2005/06 Gross Current Expenditure £000	2005/06 Activity		2005/06 Unit Cost £	
Total expenditure on services for older people	120,348	n/a	n/a	n/a	n/a
Residential care for older people in Nottinghamshire County Council residential homes	17,577	31,481	Number of weeks in 2005/06	558	per person per week
Residential care for older people in Independent Sector residential homes	33,568	106,434	Number of weeks in 2005/06	315	per person per week
Home care for adults from Nottinghamshire County Council's Direct Service	14,421	523,866	Number of hours in 2005/06	26	per hour
Home care for adults from the Independent Sector	20,437	1,355,025	Number of hours in 2005/06	15	per hour

### Performance Indicators

2.4.3 Nottinghamshire County Council has scored poorly in performance assessment in the recent past by having relatively low numbers of older people 'helped to live at home', and by providing relatively low amounts of 'intensive home care'. The increased investment in home care through the Medium Term Financial Strategy has brought the Department's home care provision to the 'acceptable' level and been crucial in the Department being judged for the last two years as 'serving most people well', CPA level 3. There is another performance indicator which looks at the balance of intensive home care against residential care, with good performance seen as low proportions of residential care. The council is currently in the 'good' category, but behind comparator authorities.

2.4.4 A series of comparative charts are attached as **Appendix 2**. They compare what happens in Nottinghamshire with regard to care homes with comparator 'family' group of counties.

2.4.5 Their data shows many things, including:

- Nottinghamshire has relatively high levels of residential admission.
- Overall Nottinghamshire spends a relatively high proportion of gross expenditure on care home placements.
- Nottinghamshire's gross weekly expenditure per person is relatively low in the independent sector and mid range for Direct Services.
- Nottinghamshire's proportion of expenditure which is allocated to older people is below average.
- Nottinghamshire has above average rates of admission to care homes for all age tranches of older people, and is highest up the table for older people over 85.

2.4.6 Nottinghamshire is not at the extreme on any of the comparisons. Although the county is put against a formal comparator group, the County does have higher levels of deprivation than many of the comparators, and therefore more people who are reliant on public funding to meet the costs of care. The Department has been successful in recent years in bringing down the overall levels of people who are placed in care homes, from a very high base 'inherited' when the NHS and Community Care Act was implemented in 1993, but the numbers are still relatively high. Given the increase in the numbers of older people in the population, this reduction has been achieved against this growth, through better assessment, providing more intensive care at home and the overall development of preventive services.

2.4.7 There remains a continuing need to strengthen community-based services for older people in the County, where indicators still show the Department behind many comparator authorities and demographic change will only increase the demands on these services. This is demonstrated in **Appendix 3**, which has more recent information from a 'benchmarking club' of authorities, not a formal comparator group.

2.4.8 The Department of Health set a national target for increasing availability of extra care by 6,000 places by 2006, although no local targets were set across the country. Local Authorities are being monitored by the Commission for Social Care Inspection (CSCI) on their progress on extra care development. The CSCI have said that this Department has relatively low amounts of provision.

## 2.5 Residential strategies

2.5.1 As indicated at the beginning of this report, the existing strategy consists of an approach to increasing 'extra care' housing as required by

Government targets and the opportunity to develop a modernised range of care, day services, accommodation, support and other facilities for the benefit of older people.

- 2.5.2 In reaching a vision for the future, the following issues are significant in considering future strategic development of residential and other forms of care and support to older people with high levels of need:

#### **Current and potential extra care availability**

- 2.5.3 Provision across the county is patchy, with some District councils or other housing providers having developed such a service with the Department by enhancing sheltered accommodation, but Bassetlaw, Newark and Rushcliffe are the main areas of service. There are housing developers who are interested in expansion in Nottinghamshire, and have already made this clear to the Department.
- 2.5.4 The amount of extra care service currently in place in each District is described in **Appendix 4**.

#### **Other care home provision in the county**

- 2.5.5 The large majority of people in care homes in the county are in homes provided by independent sector providers of care. Provision ranges from single homes owned and run by one family, to large national organisations running several homes in the county.
- 2.5.6 Last year, a telephone survey was conducted with Independent Sector homes which sought information about their capacity, registration and occupancy as in the first week of August 2006.
- 2.5.7 The survey showed that there are 5,990 beds available in the county for older people in independent sector care homes. There were 566 vacancies, a little under 10%. There were 1,226 beds which had been registered with the CSCI for older people with mental ill health, and the vacancy rate was slightly higher, at almost 11%, although there were no vacancies in beds registered for nursing care for dementia.
- 2.5.8 Many homes were operating at 100% capacity. There were a small number of homes with relatively very low occupancy, which must call in to question their financial viability unless they are able to increase their occupancy levels in the foreseeable future. There were a number of reasons for those with relatively low capacity. Many of the homes with low occupancy had a significant number of Regulatory Requirements outstanding from their most recent CSCI inspection. This link between occupancy and quality will become more apparent from 2007 onwards when a new CSCI quality rating system is launched. Some were in relatively isolated parts of the County with a relatively small obvious



'catchment' area. Others were in older buildings which do not have en-suite facilities and most of them had outstanding CSCI Regulatory Requirements specifically highlighting the need for redecoration and refurbishment of the building.

2.5.9 In this context, the occupancy levels in the county are really quite high and do not leave a lot of leeway for further reduction in the market, unless there is a significant reduction in admissions from Local Authorities or self-funders. Capacity does vary from one part of the county to another, with Rushcliffe in particular experiencing very high occupancy rates.

2.5.10 Occupancy of the then 672 Local Authority beds for older people was also just over 90%, with these homes having a greater proportion of short term care and intermediate care, which are harder to maintain at maximum occupancy because of much greater 'turn round' of occupants.

### **Trends in usage of care home provision**

2.5.11 As stated above, there are currently 3,047 people funded in long term residential or nursing care who are over 65; at the end of March 2006, the Council was contributing to the funding of 3,172 people. (By way of comparison, there were 739 adults funded in care homes who were under 65.) This total was a slight reduction from a year before, when there were 3,182, and significantly less than the year before that, when the total was 3,421. The average age on admission was 84 years old.

2.5.12 The recent trend of a reduction in numbers supported in care homes can be linked to robust assessments and decision making and the development of increased community based alternatives. This is in line with the expectations of the government. However, this has to be set in the context of an older population which will continue to increase substantially and there are some who argue that the need for care home provision will continue to grow. At any rate, the clear message is that there has to be growth in provision of appropriate services, either non residential or residential, which reflect an increasing older population, who will increasingly argue for quality services of choice, with increasing numbers who are property owners and who can be expected to prize independence for as long as possible.

### **Existing plans for care homes**

2.5.13 Previous reports to Cabinet recommended that the next developments in the strategy should focus on Ashfield and Mansfield, given the nature of current residential services and the lack of extra care provision in those districts. The homes which the new development would be replacing are Daleside, Kirklands and Ashcroft. Although early planning had focussed on development of relatively small provision in Ashfield and in Mansfield, the Department has been approached by HICAlife Developments Ltd.

HICALife are proposing to develop a 'retirement village' in Ashfield and Mansfield, with some 250 units of accommodation for older people. They are keen to work with the Department and to include extra care provision in rented accommodation in the setting. In their plans, the council would only have to fund the costs of domiciliary care services, which would be tendered for, and the costs of any additional development which the Department chose to include, such as a day care unit or any residential care setting. With the District councils, officers from Corporate Property and the Department have also been reviewing where the best site for such a development would be in these two Districts. Sites in Council ownership are being explored, but planning permission has not yet been sought for any site and planning is unlikely to be straightforward.

2.5.14 On the basis of this opportunity, a bid was put in with HICALife for funding from the Extra Care Sheltered Housing Fund, when the Department of Health announced a final tranche of the funding for this last August. Bids had to be received by early October. Despite the very short timescale, a bid was put together and was successful, with an award of £1.9 million for the county if grant conditions are met. These include starting on site by mid March 2008. The legal implications of receiving funding for this proposal are currently still being pursued.

2.5.15 This funding, if granted, would assist with the capital costs of such a development.

2.5.16 Coincidentally, the Department has also been led to understand from market intelligence that there may be opportunities for further extra care development in Bassetlaw.

### **Roles of council care homes**

2.5.17 There are some broad differences between the services provided by council care homes and those in the Independent Sector. Council homes now all have day services attached. Council homes have been the main providers of short term care and respite care for carers. The new build homes have from the start provided residential intermediate care services in partnership with the PCTs and Bramwell has the specialist mental health unit, developed with the Healthcare Trust.

2.5.18 Departmental homes have also tended to be the place chosen for some exceptional particularly complex or difficult care, such as for older people who are known to present a risk to children, or older people with very disinhibited behaviour. Some independent sector homes are less willing to take such residents.

2.5.19 There will be a continued need for reliable short term, respite and intermediate care; it will inevitably cost more, wherever it is provided, as the occupancy levels are inevitably lower and the turnover of residents

takes additional staff time. For the future, the Department sees a need for increased 'joined up' assessment and reablement services, making best use of community, day and residential services and facilities for the individual's needs and circumstances. There is increasing evidence that, managed well, such services can aid good hospital discharge and prevent unnecessary long term admissions to care homes.

2.5.20 Day services will also continue to be needed as an important part of preventive and respite services. Again this does not necessarily need to be provided by the council, but if any homes are to be considered for closure, then there has to be a plan for re-providing day services.

### **Registration issues**

2.5.21 The National Care Standards Commission (NCSC) replaced the Service Standards Unit in April 2002. This in turn was replaced by the Commission for Social Care Inspection (CSCI) from April 2003. They register and inspect all care home services to a set of national minimum standards for care homes. So, the issues highlighted below as cost pressures for the care homes run by the council, apply to all other providers as well.

### **Environmental standards**

2.5.22 The Regulations for care homes for older people are broad in their definitions, but are clear that the design and layout of rooms and homes need to meet the needs of the residents, and that the premises need to be suitable to meet the aims and objectives of the unit. The associated Standards are much more specific and in September 2001, an exercise was carried out to establish the cost of refurbishing the retained homes to meet the CSCI environmental standards, and an updated estimate was provided in August 2003. The exercise indicated that the costs of refurbishment would be almost £3 million at that time, and the refurbishment would result in severe reductions in the number of beds in each establishment and would still not result in any bedroom having en-suite facilities or becoming a modern and appropriate quality environment for the older people of Nottinghamshire. The refurbished homes would still fall short of the quality wished for, especially when compared to the physical environments of the five new builds or most of the independent sector provision, and so the homes would become increasingly less attractive and competitive.

2.5.23 It was felt then that refurbishment should not be seen as the long term solution for any retained home and that other possibilities would be actively pursued. This led to the mixed care development in Rushcliffe which resolved the futures of both Leawood and South Manor.

2.5.24 However, considerable work has been undertaken in the last four years to try and address some of the environmental issues, to maximise the length

of time the retained homes could remain open for, and improve the living conditions of those older people accessing the beds.

2.5.25 Some minor alterations in the original national environmental standards took effect from June 2003, with an announcement that “no home would close on its failure to meet environmental standards alone”. The most significant was the withdrawal of the requirement that single rooms have to have at least 10sq metres of usable floor space from 1<sup>st</sup> April 2007.

2.5.26 However, the standards also say that wheelchair users should still be provided with at least 12 sq metres of space and all rooms should have at least 2 double sockets. Rooms should also provide seating for two, a bed side table and table which a resident may sit at, which is impossible in the smaller rooms.

2.5.27 The following table identifies the current number of bedrooms in use in the older homes, and indicates how many meet the minimum requirement of 10 square metres, 12 square metres and sizes between.

ESTABLISHMENT	Beds now	Total beds left of at least 10 sq metres +	Of these, 10-11.99 sq metres	Of these, 12 sq metres and above
ASHCROFT	35	11	3	8
DALESIDE	32	12	0	12
KIRKLANDS	29	15	2	13
ST MICHAELS	34	3	3	0
LEIVERS COURT	38	31	27	4
WOODS COURT	49	10	9	1
BEAUVALE COURT	44	30	25	5
BISHOPS COURT	45	39	36	3
JAMES HINCE COURT	45	29	24	5
<b>TOTAL</b>	<b>351</b>	<b>180</b>	<b>129</b>	<b>51</b>

2.5.28 Overall this table indicates that only 180 of the 351 bedrooms meet the 10 square metre standard. Furthermore only 51 bedrooms meet the tougher standard of 12 square metres.

### Staffing

2.5.29 One of the ongoing issues is the requirement to review the staffing hours to meet the current population’s needs, and ensure adequate activities are taking place. These are very important in terms of the quality of provision and safety and well-being of residents.

2.5.30 There are no actual staffing levels within the care standards, only an expectation that all the standards are met, and that the guidance recommended by the Department of Health is used.

2.5.31 The admissions of older people who are much frailer mentally and/or physically means much greater demands are placed on the staff to meet physical assistance needed and to support any leisure and social activities.

2.5.32 Managerial staff have taken on many additional tasks over the past few years including undertaking all reviews, increased staff training requirements, increased workload from the increasing frailty of the service users e.g. numbers of risk assessments being completed and a threefold increase in the time spent on medicine management issues. Increased training expectations also have a cost, given the need to back-fill for staff.

### **Cost of running and maintaining the homes**

2.5.33 There are significant cost pressures for the council in managing the running costs of the homes, and in maintaining them for residential use. A strong focus on infection control, upgrading equipment such as specialist beds all have their costs.

2.5.34 The following table sets out at 2007 prices the costs of meeting the requirements of the latest conditions surveys over the next five years. The budget allocation for the older establishments would only meet a fraction of these costs, and the prices are rising above the rate of inflation.

UPRN	PremiseName	GFA	Survey Date	Priority1	Priority2	Priority3	Total
06080	Kirklands	111785	28/02/2007	52,628	46,211	55,200	154,039
06059	St Michaels View	118244	28/02/2007	40,631	20,237	207,045	267,913
06233	Bishops Court	137640	28/02/2007	35,498	8,796	89,479	133,774
06071	Daleside	98490	28/02/2007	34,355	101,315	89,326	224,996
06246	Leivers Court	95940	28/02/2007	31,167	13,674	28,828	73,668
06262	Woods Court	132756	28/02/2007	22,079	29,996	93,972	146,047
06081	Ashcroft	101304	28/02/2007	17,322	34,874	106,518	158,714
06253	James Hince Court	127120	14/03/2007	8,599	22,044	34,074	64,717
06244	Beauvale Court	135382	28/02/2007	4,580	67,392	93,502	165,474

**£246,859    £344,539    £797,945    £1,389,342**

### **Age and building type**

2.5.35 The table below sets out the type and year of building for each of the older homes. Although there would be different issues for each of the Marks of CLASP, any refurbishment would be exceptionally costly and reduce capacity substantially.

<b>ESTAB</b>	<b>Built</b>	<b>Date last refurbished</b>	<b>Build type</b>
KIRKLANDS KIRKLANDS DAY CENTRE	1957 1988	1993/4	LB TRADITIONAL CLASP MARK 6
DALESIDE	1962	1993/4	CLASP MARK 2
ASHCROFT	1963	1993/4	CLASP MARK 3
ST MICHAELS	1972	1995	CLASP MARK 4B
BEAUVALE COURT	1984		CLASP MARK 5
BISHOPS COURT	1984		CLASP MARK 5
LEIVERS COURT	1984		CLASP MARK 5
JAMES HINCE COURT	1985		CLASP MARK 6
WOODS COURT	1987		CLASP MARK 6

### Land values

2.5.36 Should any of the establishments be approved for closure then the chart below provides the current estimated value of the land if sold.

<b>ESTABLISHMENT</b>	<b>Land value</b>
ASHCROFT	300,000
DALESIDE	750,000
KIRKLANDS	500,000
ST MICHAELS	350,000
LEIVERS COURT	850,000
WOODS COURT	1,300,000
BEAUVALE COURT	800,000
BISHOPS COURT	900,000
JAMES HINCE COURT	800,000
<b>TOTAL</b>	<b>£6,550,000</b>

### Alternative residential provision

2.5.37 The following provision for “care homes” with an “old age” category is currently available. The figures first show the number of establishments, the second the total number of beds provided.

	<b>0 MILE</b>	<b>1MILE</b>	<b>2 MILE</b>	<b>3 MILE</b>	<b>4 MILE</b>	<b>5 MILE</b>	<b>TOTAL</b>
<b>ASHCROFT</b>	5 - 186	4 - 185	8 - 329	5 - 171	14 - 401	0	36-1201
<b>KIRKLANDS</b>	1 - 33	3 - 72	10 - 397	6 - 264	18 - 595	5 - 195	43-1556
<b>DALESIDE</b>	1 - 50	10 - 314	6 - 306	0	17 - 704	6 - 223	40-1597
<b>ST MV</b>	0	5 - 171	0	2 - 54	1 - 13	0	8 - 238
<b>JHC</b>	0	0	4 - 248	3 - 67	7 - 395	2 - 69	16 - 779
<b>BISHOPS</b>	0	1 - 28	0	0	4 - 144	1 - 45	5 - 189
<b>WOODS</b>	0	7 - 222	2 - 74	0	0	0	9 - 296
<b>LEIVERS</b>	1 - 32	3 - 109	8 - 291	7 - 328	8 - 173	6 - 229	30 - 1162
<b>BEAUVALE</b>	3 - 81	4 - 139	0	1 - 60	13 - 404	2 - 31	23-715

Ashcroft is 3 miles from Maun View  
 Kirklands is 4 miles from Jubilee Court and Maun View  
 Daleside is 2 miles from Maun View  
 James Hince Court is 4 miles from Westwood  
 Leivers Court is 2 miles from Braywood Gardens and 5 miles from Jubilee Court  
 Beauvale Court is 3 miles from Jubilee Court

### **Impact on day care**

2.5.38 All the nine older homes incorporate attached day centres, some providing mental health services which have specialist mental health staff present, others providing mental health services but with no specialist input. The places are detailed in the chart **Appendix 5**.

2.5.39 These include a partnership agreement with Bassetlaw PCT and the Healthcare Trust at James Hince Court, and another less formal arrangement at Beauvale Court which is now part of the outreach service running from Bramwell.

2.5.40 A decision to close any residential home will have to take into consideration the impact on day care provided at the home. Of all the establishments, Ashcroft and Daleside have the smallest day care provision.

### **Costs and Income**

#### **2007/08 Operational Budget**

2.5.41 The 2007/08 operational budget which covers the day to running of council owned residential homes is shown in the table below.

	<b>Employees</b>	<b>Running Costs</b>	<b>Income</b>	<b>Total Annual Budget</b>
Ashfield	2,254,033	680,330	(718,586)	<b>2,215,777</b>
Mansfield	1,701,636	509,658	(546,714)	<b>1,664,580</b>
Bassetlaw	2,607,392	705,368	(815,689)	<b>2,497,071</b>
Newark	1,766,772	468,132	(541,757)	<b>1,693,147</b>
Broxtowe	1,921,146	721,290	(607,952)	<b>2,034,484</b>
Gedling	1,732,070	503,362	(588,023)	<b>1,647,409</b>
Rushcliffe	819,233	160,763	(173,119)	<b>806,877</b>
Central Costs	666,357	1,760,391	(142,231)	<b>2,284,517</b>
<b>TOTAL</b>	<b>13,468,639</b>	<b>5,509,294</b>	<b>(4,134,071)</b>	<b>14,843,862</b>

## Unit Cost Comparisons

2.5.42 The latest comparative unit cost information is drawn from the Department of Health's PSSEX1 return for 2005/06. The unit costs shown in the table below have been drawn up on a full absorption cost basis and include:

- The costs of running the homes on a day to day basis
- A share of administrative functions such as income collection and commissioning
- An allocation of the council's overheads
- Capital charges, which are an accounting device to indicate the opportunity cost of using assets to provide residential care, but do not result in a cost to the council tax payer. These are similar to the depreciation charges which independent sector homes show in their accounts but are based on the current value of assets rather than the original purchase cost and so tend to be higher.

### Unit Cost Comparisons for Older People Residential Care - 2005/06

	Nottinghamshire	County Council Average	Difference
<b>Council run homes</b> – gross cost per resident per week	558	600	42
<b>Independent Sector run homes</b> – gross cost per resident per week	315	392	77

Source: Department of Health, PSSEX1 2005/06

2.5.43 It can be seen that whilst Nottinghamshire's homes are below the County Council average cost, they are significantly higher than those provided by the independent sector. The main reasons for these differences are:

- The impact of using capital charges rather than historic cost depreciation.
- Significantly higher wage levels and sickness pay for County Council staff compared to those in the independent sector.
- The cost of providing a final salary pension scheme to County Council staff.



## Extra Care vs. Residential Care

2.5.44 In considering the relative costs to the council of extra care vs. residential care, it is important to note the impact of the different charging regimes that are applied to service users.

2.5.45 Based on an average of 20 hours a week of care, the expected gross cost of an extra care package would be £248 per week. Compared to the residential care rate for very dependent older people of £334 per week, this adds up to a gross saving of £4,472 per year.

2.5.46 The net cost to the council, however, will be determined by the financial means of the individual service user. Service users in residential care are means tested in accordance with national regulations, and if they have relevant assets (including property) in excess of £21,000 they would be expected to meet their care bills in their entirety.

2.5.47 Home care, however, as provided in extra care settings, is means tested against local criteria, with the County Council currently charging a maximum of £75 per week to service users.

2.5.48 As a result of these different charging policies, in 2007/08 residential care for a very dependent older person could cost the council between £0 and £334 per week, whilst extra care for the same individual will always cost the council at least £173 per week, rising to a maximum of £248 for those who can not afford any contribution.

## 2007/08 to 2010/11 Capital Programme

2.5.49 The 2007/08 to 2010/11 capital programme contains the following provisions for developing mixed care funded from the sale of existing older people residential homes:

	2007/08	2008/09	2009/10	2010/11	TOTAL
Mixed care - Mansfield	0	100	4,670	4,670	9,440
Mixed care - Ashfield	934	6,100	5,100	0	12,134
<b>Total Expenditure</b>	<b>934</b>	<b>6,200</b>	<b>9,770</b>	<b>4,670</b>	<b>21,574</b>
Capital Receipts	1,450		7,700	8,100	17,250
<b>Net Capital Payments</b>	<b>(516)</b>	<b>6,200</b>	<b>2,070</b>	<b>(3,430)</b>	<b>4,324</b>

## 2.6 Options for the future

- 2.6.1 The Authority has taken well considered strategic approaches to the changing context of care provision over recent years. The Department was a major provider through the 1970s and 1980s but this period also saw a large increase in independent sector provision across the County, spurred by the national funding regimes. The NHS and Community Care Act 1990 saw the Authority take on responsibility for funding a 'mixed economy' to meet the needs of those people requiring financially supported care. Subsequent developments have reinforced 'best value' and there is no requirement for the Authority to be a provider of care homes. However, the five 'new build' homes and the Southwell and Edwalton developments are excellent modern services, though they have required considerable capital investment and the residential unit cost is significantly more than the amount the Department pays independent sector providers for care. The remaining stock is becoming increasingly costly to maintain, as well as also having this high unit cost.
- 2.6.2 The demographic and policy context show an increasing need for services for an ageing population but many drivers towards increasing services to maintain people in their own homes, with extra care an alternative to residential care for many people. There are also some differences across the county; all Districts except Newark and Sherwood now have a new council care home; levels of occupancy in Independent Sector homes vary; intermediate care and reablement services vary from district to district.
- 2.6.3 In this context, a number of options for the future of care provision by the Authority can be considered. Put simply, the choices may be covered by:
1. Stay as now
  2. Withdraw from providing – there are different ways in which this could be achieved, with different consequences
  3. Retain a strategic share in the market and reinvest some savings in to extra care.
- 2.6.4 Any options would need to be considered for their impact for service users and carers, and for their impact in meeting the strategic directions of the council, and for their legal, financial, performance and workforce implications, and the risks associated with them.
- 2.6.5 There are at this stage some fundamental questions for the authority; for example:
- Does it wish to remain a provider in the care home market?
- If so, for what particular functions?

If there are cost differentials with the independent sector, how can these be justified?

Given TUPE, would there realistically be gains from those homes which are viable to sell as going concerns?

Is there a readiness to 'test the market' with other providers to see how they would view the council's portfolio of care homes?

What would be the impact of potential changes for residents and staff? How would these be justified and best managed?

How much risk is involved in reducing or increasing care home provision in the market?

Is there a readiness to make a phased shift to extra care to replace those homes without longer term viability?

## 2.7 Conclusion

2.7.1 It is suggested that members of the cabinet committee consider the information and issues in this report and consider what information and options they would want to be developed for the next meeting.

## 3. Statutory and Policy Implications

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and users. Where such implications are material, they have been brought out in the text of the report. Attention is however, drawn to specifics as follows:

### 3.1.1 Personnel Implications

Any options to change the services provided by the council will have workforce implications which would need to be identified.

### 3.1.2 Financial Implications

These are contained within the report.

### 3.1.3 Equal Opportunities Implications

Any future service development must ensure that the diverse needs of the county are appropriately provided for.

### 3.1.4 Implications for Service Users

Any options to change the services provided by the council will have implications for service users which would need to be identified. If Cabinet

were to recommend the closure of any homes, there would need to be a period of formal consultation before a final decision was reached.

#### **4. Recommendations**

- 4.1 It is recommended that members of the Cabinet Committee:
- (a) comment on the information in this report
  - (b) consider what further information and options they would want prepared for the next meeting of the Cabinet Committee

#### **5. Legal Services' Comments** (HD03/04/07)

- 5.1 The matters raised within the report and the proposed recommendations fall within the terms of reference of this Cabinet Committee.

#### **6. Strategic Director of Resources Comments** (DW 02/04/07)

- 6.1 This report seeks to advise Members on the context of the provision of care homes and extra care services. At this stage, the recommendations set out in Section 4 do not have any financial implications.

#### **7. Background Papers Available for Inspection**

- 7.1 Reports of the Residential Homes for Older People Working Group 2003 - 4 and relevant Cabinet reports for 28<sup>th</sup> January 2004, 24<sup>th</sup> March 2004, 12<sup>th</sup> January 2005 and 13<sup>th</sup> July 2005.
- 7.2 'Our Health, our Care, our Say' - Department of Health White Paper 2006
- 7.3 Nottinghamshire bid to Extra Care Sheltered Housing Fund October 2006

#### **8. Electoral Division(s) Affected**

- 8.1 Nottinghamshire.

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