



CABINET – 15 DECEMBER 2009

**SUPPORTED ACCOMMODATION FOR OLDER PEOPLE
IN LEICESTERSHIRE**

REPORT OF THE DIRECTOR OF ADULT SOCIAL CARE AND HEALTH

PART A

Purpose of Report

1. The purpose of this report is to inform members of the options for consideration in respect of the County Council's 10 in-house Elderly Persons Homes (EPHs) and the Silverdale Hostel site in Melton, and to seek agreement to proceed with consultation.

Recommendations

2. It is recommended:
 - a) That approval be given to the commencement of consultation on a stand-alone procurement of extra care and specialist dementia care for Silverdale and Catherine Dalley sites in order to establish a flagship model of care in Melton, which could become a benchmark for future developments in Leicestershire;
 - b) That approval be given to the commencement of consultation on the transfer of all nine remaining in-house homes and associated day care services (where co-located) to the independent sector. The nine homes are:
 - Hadrian House, Thurmaston;
 - Huntingdon Court, Loughborough;
 - Harvey House, Barwell;
 - Kirby House, Kirby Muxloe;
 - Woodmarket House, Lutterworth;
 - Lenthall House, Market Harborough;
 - Curtis Weston House, Wigston including Day Centre;
 - The Limes, Hinckley including Day Centre;
 - Tillson House, Coalville;
 - c) That it be noted that consultation on the transfer of the nine remaining in-house homes will include the option of closure of one or more of the homes in the event that (i) there is not sufficient market interest expressed at Pre-Qualification Questionnaire (PQQ) stage or (ii) a successful transfer cannot be concluded following a full tender process;
 - d) That it be noted that a similar contingency arrangement to that referred to in c) above be consulted on for the closure of the Catherine Dalley site and sale of

Silverdale Hostel site separately in the event of lack of suitable market interest at PQQ stage or a successful transfer cannot be concluded following a full tender process;

- e) That, with the exception of the Catherine Dalley/Silverdale Hostel sites, Extra Care be developed separately but through a strategic approach involving District Councils and the Homes and Communities Agency;
- f) That approval be given to any capital receipts from the sale of EPHs (depending on the final option chosen) being ring fenced for Extra Care development. The Leicestershire Extra Care Housing Strategy for Older People 2010-15, appears elsewhere on the agenda for this meeting.
- g) That it be noted that a report on the outcomes of the consultation will be presented to the Cabinet in Spring 2010.

Reasons for Recommendations

- 3. The Cabinet was advised in June 2009 that the transfer of six EPHs to the independent sector would not proceed because of the withdrawal of the Consortium from contract discussions because of the impact of the prevailing and unprecedented economic climate. This impact has been taken into consideration in deciding to recommend a more straightforward transfer approach with Extra Care development being dealt with separately, except for the Catherine Dalley/Silverdale Hostel sites.
- 4. This will be the third time since 2007 that the Cabinet has been asked to approve an option for consultation. This, together with the challenging change and efficiency agenda, makes it imperative that the chosen option is achieved. As the full impact of the recession on the market has not yet been fully assessed through detailed soft market testing, there is also a risk that the proposed transfer option may not be successful. For these reasons, the option to close a home or homes is included. This will also provide the certainty residents, their relatives and staff require as to the future of the homes.
- 5. The £650k anticipated savings from the previously proposed transfer have been taken out of the budget. Alternative ways of achieving these savings are being developed. In addition to this, the Adult Social Care Service also has to achieve very significant savings over the next four years, which illustrates the urgency to consider the most cost-effective solutions for the provision of residential care.

Timetable for Decisions (including Scrutiny)

- 6. A further report will be brought to the Cabinet in spring 2010 on the outcomes from the consultation. The Adult Social Care and Health Services Overview and Scrutiny Committee will be consulted at its meeting on 13 January 2010.

Policy Framework and Previous Decisions

- 7. The Department of Health expects Local Authorities with social care responsibilities to continue to develop alternatives to traditional models of residential care. The White Paper 'Our Health, Our Care, Our Say' sets out a clear framework for adult social care in the future and expects Local Authorities to work strategically with

partners to promote independence and provide opportunities for greater choice and control for service users.

8. A proposed strategy for developing supported accommodation for older people in Leicestershire was set out in a detailed report to the Cabinet on 5 March 2007. The initial proposal to decommission and close two of the 10 homes received very strong opposition and was subsequently withdrawn. An alternative proposal to consult on the option to transfer six of the 10 homes to an independent sector provider, as going concerns, was submitted to Cabinet on 7 August 2007, and approval given to commence a consultation process on the alternative proposal.
9. The consultation process lasted for three months between 8 August 2007 and 29 October 2007 and the detailed results were considered by the Cabinet. Information was also gathered from other Local Authorities and current market providers of care services during this period in order to test out the viability of the proposed transfer.
10. The proposal to transfer six of the 10 homes to the independent sector as going concerns was submitted to Cabinet on 23 November 2007, and approval was obtained to commence the procurement process and undertake further consultation with staff and trade unions as well as needs assessments for each resident.
11. At the meeting of the Cabinet held on 20 June 2008, Members were advised of the outcome of the procurement exercise to sell six of the in-house residential care homes to the independent sector as going concerns and approved the provisional award of contract for the sale of the six homes and the disposal of the site of the Silverdale Hostel in Melton Mowbray, adjacent to the Catherine Dalley residential care home.
12. The Director of Adult Social Care and Health was authorised to enter into discussions with the Consortium with a view to finalising the contractual and conveyancing arrangements for the transfer of the six homes and the associated partnership arrangements for the development of new build models of accommodation, comprising high quality dementia specific residential care and Extra Care Housing Schemes to be strategically located across the county.
13. The Cabinet was advised on 29 June 2009 that the Consortium had withdrawn and the decision was made to explore options for all 10 homes more thoroughly.

Resources Implications

14. There is a potential total in-house saving of £1m per annum. This net benefit is calculated from reduced in-house employee and running costs offset by the costs of re-provisioning the service from the independent sector.
15. There is the potential for a 'charge'/'clawback' being placed upon the homes if they are sold later for anything other than health and social care purposes within a set time period.
16. Project costs will be minimised as much as possible through utilising in-house resources. Incremental one off costs are expected to be limited to a project manager, specialist marketing agency, plus valuation and ESPO fees.

17. The Director of Corporate Resources and County Solicitor have been consulted on the contents of this report.

Circulation under the Local Issues Alert Procedure

18. This report is being circulated to all Members of the Council via the Members' Information Service.

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PART B**Background**

19. The Cabinet agreed on 29 June 2009, that the following options should be explored more thoroughly:
 - a) Review the Council's approach to delivering Extra Care Housing.
 - b) Consider a stand-alone procurement for Silverdale and Catherine Dalley sites in order to establish a flagship model of care in Melton which could become a benchmark for future developments in Leicestershire.
 - c) Review all the options for the in-house residential care homes previously considered by the Cabinet in the light of the different circumstances that the Council now faces.

Extra Care

20. Extra Care remains strategically important for the Council from an outcomes, performance and financial perspective. Much was learned about developing Extra Care during the negotiations with the Consortium and a more detailed strategy has been produced, "Leicestershire Extra Care Housing Strategy for Older People 2010-2015".
21. Experience now suggests that developing Extra Care within a partnership solution in relation to the EPHs is fraught with difficulties, and is unlikely to be successful in the current economic climate. It is proposed, therefore, that Extra Care is developed separately but through a strategic approach involving District Councils and the Homes and Communities Agency on a phased basis which is fit for each locality.
22. A report on Extra Care appears elsewhere on the agenda for this meeting. If approved, detailed plans and business cases would be prepared in 2010.

Catherine Dalley/Silverdale

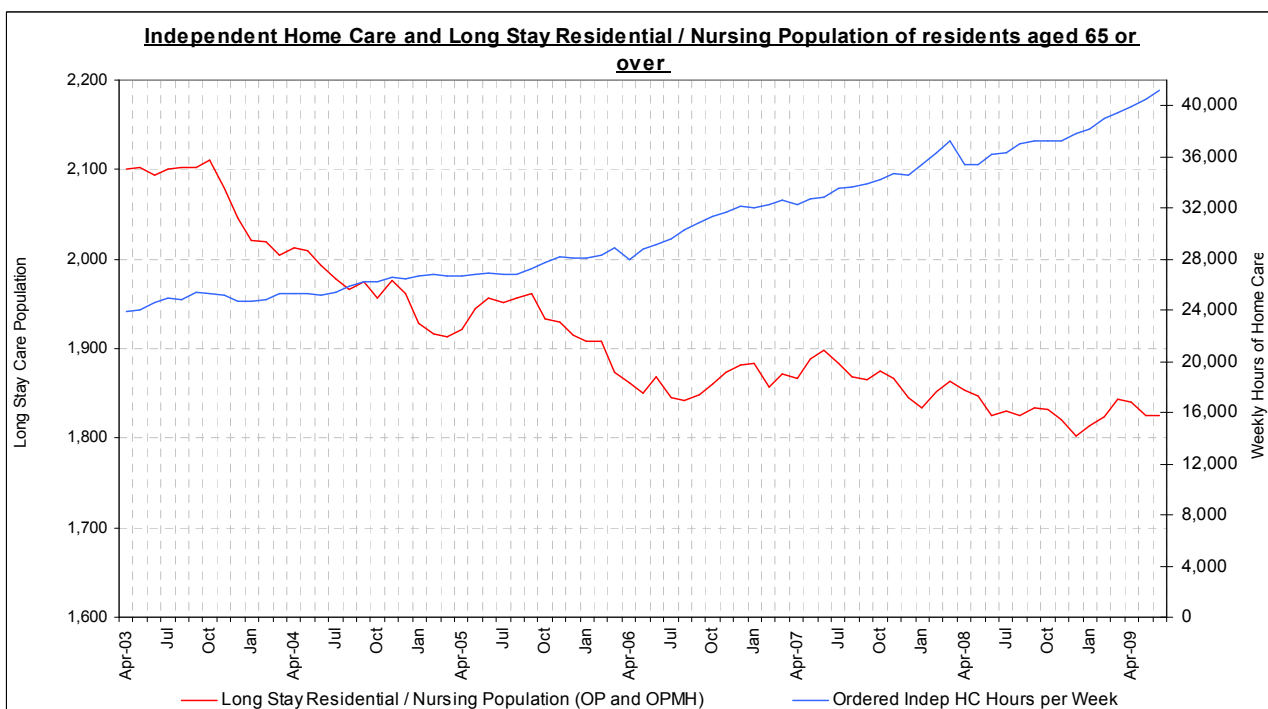
23. This site remains the only one where, because of its size, there is potential to provide an Extra Care Scheme with specialist dementia care and close Catherine Dalley EPH in one integrated development. There are obvious advantages in proceeding with this as a 'stand-alone' exercise. It would enable the Council to develop a flagship scheme at the forefront of the Extra Care Strategic Plan and decouple it from any complexities associated with options for the other EPHs. It would also address concerns that have been expressed about capacity in Melton Mowbray for the care of older people.
24. The rationale for separating the tendering of Catherine Dalley/Silverdale from the other nine in-house homes is:
 - Nature of the tender will be different for reasons indicated above.
 - Any covenants applicable for residents and staff will be different to those for the other nine in-house homes.

- Nomination rights to Extra Care will be different and care buy back arrangements may be different.
- Independent providers with combined Extra Care and specialist dementia care expertise are likely to be different to those bidding for other nine homes.
- Potential for greater capital receipt resulting from decoupling with other nine in-house homes.

25. In the event that there is not sufficient market interest at Pre-Qualification Questionnaire (PQQ) stage to indicate a successful transfer, or a failure to achieve a subsequent transfer, then consideration would need to be given to closing Catherine Dalley and to selling the Silverdale Hostel site separately. This option will be consulted on as part of the consultation process.

Elderly Persons Homes

26. Over the last 5-10 years the numbers of older people living in a care home have been steadily declining as more people have been supported to live at home. This has happened despite an increased older population and is related to the continued growth in the number of community based services and the preferred choice of older people to remain at home for as long as possible. The following chart shows the downward trend in the long stay residential and nursing care population and the increasing trend in provision of home care.



27. The Council's Supported Accommodation for Older People strategy reflected these trends and the need to make efficiencies, including finding more cost effective ways of delivering services. The unit costs for the EPHs for 2008/9 were 25% more expensive than equivalent provision in the independent sector. Therefore, the rationale for transferring remains.

28. Two of the EPHs provide day care on site (Curtis Weston and The Limes). As part of the efficiencies programme work is being undertaken to rationalise the existing separate management structures into one management structure at each site. This initiative will reduce overheads as well as providing another income stream for the new providers if they wish to continue to provide those facilities. They align with the proposed new models of day care which will be reported to the Cabinet on 12 January 2010. In the event, that the new providers choose not to continue to provide day care services or the homes close, then provision will be met in accordance with the new models of day care referred to above.
29. The last tender exercise was based on all six homes transferring to one provider, being the preferred outcome from the previous consultation exercise in Autumn 2007. This meant, however, that all the risk was in one place and that independent providers who were only interested in one or two homes were excluded at PQQ stage.
30. Following the publicity around the withdrawal of the Consortium in June 2009, approaches have been made from both large providers (interested in all the homes) and small providers (interested in one or more of the existing homes). In the current economic climate, there remains a risk of market uncertainty and potential for a transfer not to be completed. The fact that other authorities in the East Midlands are also putting their homes on the market within a similar timescale increases the risk as independent providers may wish to bid for those homes instead. Further market research and soft market testing will be undertaken during the consultation period but it would be appropriate to allow variant bids to spread the risk such that bidders can express an interest in all or just some of the homes. There are still benefits in transferring all the homes to a single provider as this simplifies the transfer process in terms of TUPE, legal negotiations, etc, and, as a consequence, shortens the likely timescale for completion of the transaction. Both options will be fully assessed before any recommendations are made to the Cabinet subject to the outcome of the consultation.
31. Further consideration will also be given to appointing a specialist marketing agency to act on behalf of the authority to sell the homes – thereby mitigating the risk of failure to transfer.
32. Previously four homes were excluded from the transfer option as it was decided to retain them and explore opportunities for development of specialist services in partnership with the NHS Leicestershire County and Rutland (NHS LCR). Since that time the National Dementia Strategy has been published. Our plans locally remain under development at this stage, but will include the development of a wider range of flexible support services across the County. It is felt that concentrating these services in four locations would not be advantageous, a more dispersed approach being preferred. Should additional dementia services be commissioned in the future all care home providers would have the opportunity to bid, whether the homes transferred or not. For these reasons and given the significant savings challenge that the Adult Social Care Service now faces it is appropriate to include these four homes in the consultation.

Way Forward

33. A three month consultation period will be undertaken with all stakeholders, including residents; families; carers; staff; trade unions; day care service users; Melton Borough Council on the option for the Catherine Dalley/Silverdale Hostel site; the NHS; Extra Care providers (for Catherine Dalley/Silverdale Hostel) and other care providers.
34. The consultation will commence in January 2010. Feedback from the consultation will be reported back to the Cabinet in Spring 2010 for a final decision. If that decision is to go to market then the outcome of the PQQ stage will be reported to the Cabinet in Summer 2010.
35. The Council has a good track record of managing change of this nature as sensitively as possible. This was reflected in the positive feedback from residents, staff and their Trade Unions following the previous transfer exercise.

Conclusion

36. As with the previous transfer exercise the Council remains committed to its service users and would implement any change with as little disruption as possible and maintenance of quality standards.
37. A principal aim in the disposal of the nine homes is to sell to a care provider with a proven past record of first class care of older people and whose declared aim will be the continuation and improvement of such care in the future conduct of the homes. This declared intent to provide care will be supported by appropriate disincentives for early disposal of the properties and contracts for the continued supply of such care as may be deemed suitable to achieve the aims.
38. There is no intention to establish a complex strategic partnership, nor any requirement for investment in development options. Independent sector providers would be given the option to submit bids for individual homes or for all nine homes.
39. The previous consultation exercise demonstrated the level of concern from residents, relatives and staff about the future of the homes. The procurement exercise demonstrated that there are good quality independent providers, including those from the not-for-profit sector, who wished to take them on as going concerns and make the necessary commitments to residents and retain and train staff. Recent informal market interest indicates that this continues to be the case.
40. The consultation on the transfer of the nine remaining in-house homes will include the option of closure of one or more of the homes in the event that (i) there is not sufficient market interest expressed at Pre-Qualification Questionnaire (PQQ) stage or (ii) a successful transfer cannot be concluded following a full tender process. A programme of phased closures of the homes would then need to commence to achieve the required efficiencies target. Any such closures would follow the Council's standard approaches to ensure appropriate alternative accommodation for displaced residents and to manage the staffing implications.

41. A similar contingency arrangement would be consulted on for the Silverdale Hostel/Catherine Dalley sites in the event of lack of suitable market interest at PQQ stage or a successful transfer cannot be concluded following a full tender process.
42. The transfer option would prevent the need to close care homes. This will be the third consultation and residents, their relatives and staff require greater certainty on the future of the homes. The efficiency targets must also be achieved. Closure would be the fall back position in the event that no market interest is shown in a particular home/homes or if there is a further failure to complete the transfer. However, the Council's preferred option remains to transfer all the homes as going concerns to the independent sector.
43. The development of supported accommodation for older people in Leicestershire will be facilitated by the development of Extra Care housing as a separate exercise from the transfer of the homes, with the exception of the Catherine Dalley/Silverdale hostel sites.

Background Papers

- Report to the Cabinet 22 June 2002 – Future Provision of In-house Residential Care Homes for Older People.
- Report to the Cabinet 3 September 2002 – Future Provision of In-house Residential Homes for Older People.
- Report to the Cabinet dated 5 March 2007 – Developing Supported Accommodation for Older People.
- Report to the Cabinet dated 7 August 2007 – Supported Accommodation for Older People in Leicestershire.
- Report to the Cabinet dated 23 November 2007 – Supported Accommodation for Older People in Leicestershire – Outcome of Consultation.
- Report to the County Council 5 December 2007– Supported Accommodation for Older People in Leicestershire.
- Report to the Cabinet 3 March 2008– Supported Accommodation for Older People in Leicestershire – Decision to Proceed to Tender.
- Report to the Cabinet 20 June 2008 - – Supported Accommodation for Older People in Leicestershire – Provisional Award of Contract.
- Report to the Cabinet – 19 June 2009 – Supported Accommodation for Older People in Leicestershire – Provisional Award of Contract

Relevant Impact Assessments

Equal Opportunities Implications

44. The Council wishes to improve services and choices for older people so that they can remain as independent as possible. The overall aim of the supported accommodation strategy is to develop a wider range of services across Leicestershire, in order to promote social inclusion and independence for older people and give more choice. Equality Impact Assessments will be completed for both transfer options and the closure options.