

ANNEX 2

Financial implications – capital

Budgets as approved

| Expenditure | £000 | Income | £000 |
|----------------|------|-------------------|------|
| Budgeted spend | 600 | Budgeted receipts | 300 |

1. It is proposed that the Council purchase the adjacent properties for £500,000.

| Expenditure and income based on Yorkare bid | | | |
|--|------------|------------------------------------|------------|
| Enabling Spend to date | 34 | Receipts to date | 0 |
| Future enabling spend (including stamp duty) | 51 | Yorkare premium for 125 year lease | 300 |
| Purchase of York Road sites | 500 | | |
| Total | 585 | | 300 |
| Over/(under)budget | (15) | | 0 |

2. In this scenario, the Council's expenditure in enabling the scheme is £15,000 less than that originally approved. The Haxby Hall site is increased, permitting access to the rear of the site.
3. The Haxby Hall site, valued with a 125 year lease, has been determined to be £1m - £1.25m. With the inclusion of the two residential properties, the value is increased by £100,000.
4. If the ambulance station site were to become available then:

| Additional acquisition of ambulance station site | | | |
|--|------|------------------|------|
| Expenditure | £000 | Income | £000 |
| Enabling spend to date | 34 | Receipts to date | 0 |

| | | | |
|--|------------|----------------------------------|------------|
| Future enabling spend (including stamp duty) | 61 | Yorkare premium for 125 yr lease | 450 |
| Purchase of York Road sites | 500 | | |
| Purchase of ambulance station site | 150 | | |
| Total | 745 | | 450 |
| Over/under budget | 145 | | 150 |

5. In this scenario, the Council's expenditure in enabling the scheme remains £5,000 less than that originally approved and the Haxby Hall site is increased again by the ambulance station site.
6. By reference to independent valuation, the value of the Haxby Hall care home site (including the residential properties) with 125 year lease, is increased in value by £500,000.
7. If the ambulance station site were NOT to become available within two years, then expenditure is £165,000 under budget:

| Additional acquisition of ambulance station site | | | |
|--|------------|----------------------------------|------------|
| Expenditure | £000 | Income | £000 |
| Enabling spend to date | 34 | Receipts to date | 0 |
| Future enabling spend | 51 | Yorkare premium for 125 yr lease | 450 |
| Purchase of York Road sites | 500 | | |
| Total | 580 | | 450 |
| Over/under budget | (15) | | 150 |

Financial implications - revenue

8. Haxby Hall's gross budget for 2019/20 is £1,739k, net budget £817k; the current customer base at 26th Nov 2019 is comprised of:
 - 19 residential customers (including 5 self-funders)
 - 10 residential with dementia customers (inc 1 self-funder)
 - 10 customers in step down beds
 - 7 customer in short term residential placements
9. Within the Yorkare proposal self-funders can remain at Haxby and continue to pay the rate the Council currently charges (£713 per week) with capped inflationary increases each year.
10. Step down beds were not a requirement of this procurement, and will need to be provided in another setting. The Better Care Fund contributes £260k per annum to the cost of these beds.
11. Council financial modelling of the Older Persons' Accommodation Programme assumes that the Better Care Fund will cover any additional cost or reduce the step down places commissioned to fit the budget. Step down accommodation is available in the Council's extra care developments.
12. Any short term placements may also have to be commissioned from the private sector at market rate. The modelling assumes five beds per week would need to be commissioned at market rate, the average number per week placed at Haxby Hall in 2019/20.
13. The remaining 23 permanent customers will remain in Haxby Hall and Yorkare will accept the Council's standard rates for these customers. This is £524 per week for residential and £564 per week for residential care for people with dementia. This arrangement applies to all individuals who are resident in Haxby Hall at the time of transfer.
14. When this customer group has reduced to nine, the Council will then block contract for nine residential with dementia beds at the Council's standard rate, currently £564 per week.
15. The Council will need to spot purchase any additional permanent beds at market rate. Market prices are expected to stabilise given the development at Burnholme as well as this improved facility at Haxby, should this proposal for be approved. The modelling assumes that the number of placements will also reduce month on month.

16. Based on the assumption that staff and the service transfer on 1st April 2020, and the Council need to buy the same number of care beds financial modelling suggests that:

| (all in £000s) | 2020/21 | 2021/22 | 2022/23 |
|----------------|---------|---------|---------|
| Net Cost | 726 | 825 | 828 |
| Budget | 817 | 817 | 817 |
| (saving)/cost | (89) | 8 | 11 |

However as the independent living and community led model of care evolves in the city the requirement for residential care beds should ease and we would expect these costs to fall.

17. With Haxby Hall being the last of the Council's Older Persons' Homes to close or transfer, the budget assumes that no further management costs will be incurred.