

Report of the Cabinet Member for Health, Housing and Adult Social Services and the Cabinet Member for Finance, Performance and Customer Services

## **Collaborative Health and Social Care Hub**

### **Summary**

1. This report proposes the long term establishment, by 31 March 2017, of a Health and Social Care Hub that can bring together a wide range of service providers, organisations and/or functions to improve overall outcomes for customers and residents and which also provides better customer centred care and support. This Hub would be a collaboration between Adult Social Care, NHS, and the Community & Voluntary Sector.
2. This report further proposes the provision of an interim location for a range of voluntary organisations engaged in the support and delivery of social care outcomes as the first phase of the long term establishment of a Health and Social Care Hub. This would be a collaboration between the City of York Council (CYC) and the Community and Voluntary Sector and would be operated by the Council for Voluntary Services (CVS).

### **Background**

3. The concept of a Health and Social Care Hub was first discussed in early 2012 when the CVS approached CYC to try to find an alternative location for 12 local voluntary organisations to their privately leased office accommodation in Holgate Villas near the city centre. This was precipitated by the submission of a 'change of use' planning application for Holgate Villas.
4. CYC and CVS both recognised the very significant benefits in terms of cohesion, joint working and improved outcomes that can be afforded by co-location of organisations and functions and so they

worked collaboratively in their search for alternative accommodation. A number of other local organisations joined the original 12 in collectively wanting to explore the possibility of jointly relocating to a new site.

5. York CVS led further development of the concept and was granted £15k funding from CYC and other external funders to conduct a feasibility study based on the accommodation needs of all the various groups concerned. This work has been used to help shape the vision for the Health & Social Care Hub and was also used to assess the suitability of a range of properties.

### **The Health & Social Care Hub model**

6. The voluntary and community sector play an increasingly crucial role in providing early intervention and prevention support, information and support services and, through organisations like MacMillan Cancer and St Leonards Hospice, critical and direct patient and customer care. These voluntary sector functions and services complement the wider health and social care services across York and, by providing essential capacity and capability that do not exist in the public sector, they help to significantly improve the lives of many vulnerable citizens. This is very much in line with the national and local personalisation agenda and increasingly in line with the direction of travel to integrate social care and health services to both improve outcomes and reduce cost.
7. A comparative costing model conducted independently by Deloitte established that every £1 invested in care and support to assist adults with 'moderate care needs' generates benefits to people, carers, and local government worth on average £1.30. Research has shown that reduced dependency on family members and carers can enable many to return to employment and thereby be less dependent on public sector support. A study undertaken by the University of York concluded that providing quality rehabilitation services is associated with significant decrease in the subsequent costs of social care. Many of the interventions, information and support aimed at people with moderate needs or less are provided by voluntary and community organisations. The benefits come largely from preventing people's needs from escalating and thereby an over-reliance on more costly public services.

8. As life expectancy increases and the demographic profile of the population changes with a large expansion in the proportion of people living to be 85 or older, the number of people living with chronic health conditions and disability of one sort or another increases. This brings significant increasing demand and cost for health and social care. Changing lifestyles is causing an ever increasing number of cases of diabetes, cancer, and heart disease meaning residents are increasingly likely to have complex health needs that span a variety of NHS disciplines and services. At the same time, many NHS and Local Authority services are fragmented meaning that residents with long term conditions and care needs often have to negotiate a bewildering array of doctors, nurses and care providers leading to delays in treatments, often sub-optimal care, poor and costly decision making and ultimately poorer outcomes for customers.
9. The principle of a Health and Social Care Hub supports two of the five over-arching aims of the York's Health and Wellbeing Board, which are to make 'York a great place for Older People to Live', and "to ensure a safe and financially sustainable health and social care system in York". The services provided by the voluntary sector are a vital part of the health and social care jigsaw and delivery will be further improved by greater integration. The long term establishment of a Health and Social Care Hub is dependent on support and collaboration with York CVS and a strong Community and Voluntary sector that can effectively engage as a partner.
10. The first stage of securing an appropriate long term hub that brings together the right blend of organisations, services and functions which can work together to improve customer centred delivery and improved outcomes is to establish an interim location for the community and voluntary sector organisations currently in Holgate Villas. Coterminous working arrangements for these organisations would further enable CVS to better engage the sector in the local health and social care agenda.
11. The proposed interim hub would need to contain office space for the voluntary and community sector organisations, a range of shared spaces and bookable meeting rooms. The intention is to create a dynamic space for a broad range of community and voluntary sector health and social care organisations to share. This would assist with the cohesion of work across organisational boundaries and would increase the capacity of the sector. Some of the associated social

returns on investment are not easy to quantify, but there are clear benefits for York residents, for voluntary organisations, for the NHS and for the City Council.

### **Identifying a solution – Oliver House**

12. In 2012, an early opportunity to provide a location for a Voluntary Sector Health and Social Care Hub was recognised when CVS expressed an early interest in leasing Oliver House, the former Elderly Persons Home (EPH) on Priory Street. A capital receipt of approximately £450k had been assumed for Oliver House as part of the EPH replacement programme. On 15th May 2012 Cabinet approved in principle the granting of a 20 year lease for Oliver House to York CVS, at a rent that would cover the cost of prudential borrowing in lieu of a capital receipt, estimated at that time to be £41k pa, with subsequent review that might lead to the property being sold to York CVS.
13. This agreement was subject to a detailed survey and submission of a planning application for the new Voluntary Sector Health and Social Care Hub. Planning consent was granted in February 2013. However, following applications to grant funding bodies and discussions with their bankers on the loan facilities available, CVS realised that there was going to be significant shortfall between the cost of the scheme proposed and the finance that they could raise. The cost of the very significant remodelling and conversion would mean CVS borrowing approximately £1m with a significant risk that the capital value of the building would not increase to reflect this investment. In addition, the income stream estimated from renting space to voluntary sector organisations occupying the building would not be sufficient to pay any rent to the Council.
14. On 20th May 2013, York CVS finally confirmed with City of York Council that it felt unable to progress further with Oliver House because of these funding shortfalls. At this point the imminent closure of Holgate Villas looked less likely and York CVS worked with City of York Council to identify alternative options with the capability to deliver some of the original objectives of the project.
15. In July 2013 further discussions led to the development of a revised scheme requiring capital investment from CVS of over £400k, involving much less radical alterations to the building, which could

be made to work financially but only on the basis of a community asset transfer on a long (50 year) lease at a peppercorn rent. CVS could raise the necessary finance for this scale of redevelopment but would not be able to afford to pay rent. This would leave a significant financial gap in the business case for the EPH which would need to be covered from additional revenue savings elsewhere in social care.

16. Whilst the converted space would have limitations, there would be meeting rooms, a reception area, a publicly accessible resource room, an equipment and information centre for blind and partially sighted people and the potential for this to develop through applying for VCS led funding. However, the scope of this revised scheme meant that the overall level of activity within Oliver House would be significantly reduced and the focus would essentially be around the provision of secure, long term office accommodation that allowed co-location of a range of relevant voluntary organisations.

### **Identifying a solution – the need for other options**

17. At around the same time, in June 2013, the Government Spending Settlement acknowledged that the financial pressures on the NHS and Adult Social Services were unprecedented and that, unless the opportunity to do something radically different was seized then the quality and quantity of services could fall, outcomes for residents could deteriorate and costs to taxpayers could rise. In light of this pressure, it was announced that an Integrated Transformation Fund (ITF) of about £3.8 billion would be established by top-slicing NHS budgets to create a single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed jointly by local authorities and the NHS. The value of this fund locally would be around £13 million for the Vale of York CCG area and about £8 million for the City of York area.
18. The ITF provides an opportunity to transform care so that people are provided with better integrated and coordinated care and support. It encompasses a substantial level of funding and it will help deal with demographic pressures in adult social care. It is an important opportunity to take the integration agenda forward at scale. Whilst the ITF does not come into full effect until 2015/16 we think it is essential that CCGs and local authorities build momentum in 2014/15, using the funding already supposed to be transferred from the NHS to Local Authorities to aid transition.

19. As release of the funding in 2015-16 will be partly dependent on demonstrable progress in 2014-15, it was quickly realised that the Health and Social Care Hub supported by a strong Community and Voluntary sector able to co-design and co-deliver services would be an essential part of the new longer term integration agenda. It was also recognised that it was essential to find an interim solution for the community and voluntary sector that enabled work to be done on the longer term solution while a plan was being developed for the scope and use of the ITF. It was important to retain and enhance a strong community and voluntary sector to play a full part in the development of the ITF.
  
20. By September 2013, the likely scale of future Health and Social Care Integration was beginning to be understood and the need for a fully developed plan for a strong Health & Social Care Hub as an essential part of the plan for the ITF was being recognised. In addition, it was increasingly obvious that an essential ingredient for all this work was to have a strong coherent Community and Voluntary Sector. At this time, eight of the voluntary organisations involved with the Social Care Hub project, currently renting space in Holgate Villas, were advised that their leases will end on 31<sup>st</sup> January 2014. After that date they will have to find alternative accommodation. This increased the urgency to find an interim solution because if a suitable solution cannot be found the tenants will be forced to find alternative, dispersed accommodation with an associated dislocation of existing partnership working.

## **Options**

21. A range of options were explored for the establishment of a potential long term Health and Social Care Hub and the arguments for and against the following 5 options are presented below:-
  - Oliver House
  - Willow House
  - Holgate Villas
  - CYC to take a 2 year head lease on an alternative office building whilst a long term solution is developed

- Do nothing

### **Option One - Oliver House**

22. If Oliver House were to become the location for the social care Hub then it would be let to York CVS for a minimum term of 50 years on full repairing terms, in other words a Community Asset Transfer. The lease would include a user clause restricting the use of the property to a Health and Social Care Hub. CVS have identified that they would need to borrow money to convert the building to make it suitable for their use and the income that they would make would not be sufficient to pay any rent. The agreement would therefore need to be at a peppercorn rent.
23. Rents for voluntary groups would be set at 20% below a standard commercial valuation to make them affordable to VCS organisations. Income generated by CVS through rental to licensees would allow a planned property improvement schedule over the lifetime of the Oliver House project in a similar approach already being implemented at Priory Street Centre, which is a local authority asset that is managed by York CVS. That building has seen a total capital investment of £2.8m in recent years for the benefit of the city and its residents.
24. The central location of Oliver House offers easy pedestrian and transport links, which is essential for service users, and one of the organisations has indicated that a prominent city centre location has seen measurable increases in service delivery by up to 25%. The close proximity of Oliver House to Priory Street Centre would also allow for operational savings of around £10,000 p/a and this has the potential to radically reshape the service delivery of community and voluntary organisations across both sites. However, it offers little or no opportunity for integration or close working with public sector.
25. A valuation exercise has been commissioned from an independent valuer, to assess the current open market value of Oliver House. The valuations also include the garaging site, which comes under the Housing Revenue Account. Confidential Annex 1 contains the valuations which assume 20% affordable housing provision.

26. The advantages of this option are that:

- It is in close proximity to the existing CVS premises at Priory Street Community Centre.
- It enables the relocation of organisations currently at Holgate Villas and elsewhere to a single site and maintains the current cohesion of these groups.
- It provides a guaranteed base from which to develop a limited health and social care hub

27. The disadvantages of this option are:

- It would not deliver full aspiration for a health and social care hub as the facilities would predominantly be office provision for existing groups with small expansion space and with limited capacity for shared space and no cafe
- As a conversion from a residential home, the basic building structure does not lend itself easily to office use and, whilst superficially attractive in the short term, it is unlikely to be an optimal long term facility
- Loss of an important capital receipt or supporting revenue income to the Council which has already been assumed in the business case for the replacement EPH programme. This funding gap would need to be filled by making £41k per annum additional savings across the Council or specifically within Adult Social Care.
- There will be a period of at least 12 months for building works when these organisations will need to be in temporary accommodation which has not yet been identified.
- There is a significant risk to CVS of the scheme becoming unviable in future years if voluntary organisations leave the site or of capital investment not being reflected in the value of the property.
- There is a risk that, during development phase or in the short to medium term, the Mechanical engineering elements of the



building like the lifts or heating will need significant repair or replacement making the project unaffordable.

### **Option Two - Willow House**

28. Willow House is another Care Home being closed in 2015-16 as part of the EPH Re-provision Programme and has also been considered as an alternative building for a Voluntary Sector Care Hub. In the short term the former Council offices at Ashbank, could be offered as a temporary home until Willow House is converted. As part of the EPH programme business case a receipt of £200k has been assumed. The loss of capital receipt on this property would have less impact on the financial modelling for the EPH review than would be the case for Oliver House.
29. A central location with good public transport connections and reasonable proximity to the existing CVS premises at Priory Street is important. Willow House is not considered to be a viable proposal by the CVS due to its relatively distant location and the unacceptable time frame. Accommodation at Burton Stone Community Centre and the proposed Burnholme Health and Well Being Hub has been rejected for the same reasons. No detailed plans or business case have been developed for Willow House or these other options as the location and the timing have been deemed unacceptable.

### **Option Three - Holgate Villas**

30. A further option was considered for completeness which was to purchase Holgate Villas in order to enable the community and voluntary organisations to remain in situ. The current owners gained planning permission in 2011 for a hotel development on the site which required demolition of the current structure. They have now submitted an application for conversion of the building into 50 residential flats. The potential to use this site as a location for a Health and Social Care Hub as well as a residential facility for step up and step down care and/or other residential support was explored in outline. Following independent survey work and discussion with our key partners it was deemed that the conversion for a health and social care hub was neither economically feasible nor operationally suitable as a considerable amount of internal restructuring and upgrading, such as installation of new lifts, would be needed to make the building suitable for use.

## Option Four – City Centre Commercial Lease

31. This option seeks to find an interim solution to enable the creation of a long term Health and Social Care Hub. It entails taking a head lease on a commercial property to enable the immediate establishment of an interim solution. It would entail taking a “two plus one” year lease on a privately owned building that is currently vacant. There are currently two suitable sites and work is ongoing to be absolutely certain about availability over an appropriate timescale and to determine the most appropriate and the most cost effective option out of these two sites..
32. Both sites are central and well supplied by public transport and would enable work to commence immediately on realising the benefits of greater collaboration. This option would provide security of tenure in the medium term and allow further work to continue to identify an optimal solution to be found as part of ongoing transformation work in both the NHS and Local Authority and the development of plans to utilise the ITF to best effect.
33. The costs of CYC taking out a head lease on the first of the two properties are included in confidential annex 1. The proposal will be self funding from rents from VCS organisations as the rent would be covered by existing rents from VCS organisations in Holgate Villas but the accommodation would provide approximately 2000 ft of additional space which would be offered to other VCS organisations. A small amount of refitting is needed to improve accessibility and an estimate of £20k should be allowed for these works from Capital contingency.
34. This option would create an interim solution for 2-3 years as part of the Council’s commitment to the creation of a long term facility which would facilitate additional potential sharing and co-location opportunities with CYC services, health partners and other city partners. A business case will be developed that would look to use capital receipts from other assets and existing revenue budgets to reduce the net cost of development in much the same way as is being explored at the Burnholme College site.
35. Further details, including costs and availability, for the second property should be available within 7-10 days and a comparative business case will be developed for the two properties. Other

options for commercial properties are still being explored and if a more preferable option is identified in the immediate short term then this will be considered assuming it can be delivered within the same financial parameters.

36. This option would enable Oliver House to be placed on the open market for sale by CYC.

37. The key advantages of this Option are:

- The immediate establishment of a Health and Social Care Hub
- Early achievement of integration and collaboration outcomes
- Affordable within current VCS budgets
- Significant capital receipt obtained from sale of Oliver House to contribute to the funding of the EPH project.

38. The key disadvantages of this option are:

- Voluntary sector organisations may have to move twice in 2-3 years with associated short term costs of moving for VCS organisations
- Will require small scale works to modify the space to improve accessibility and create meeting spaces, estimate £20k.

### **Option Five - Do Nothing**

39. This option would mean that the existing Holgate Villas tenants would urgently need to find their own accommodation and CYC could then consider the sale of Oliver House on the open market, either with or without the adjacent garaging site to realise a capital receipt. An element of affordable housing would be included in any potential housing scheme.

40. The key advantages of this Option are:

- Significant capital receipt obtained from sale of Oliver House to contribute to the funding of the EPH project.

- Sale can be achieved in relatively short timescale. Demand for Oliver House is expected to be high.

41. The key disadvantages of this Option are:

- Health and Social Care benefits and improved outcomes will not be realised
- Voluntary sector organisations would have to look elsewhere in the city centre for premises, most likely in the private sector and probably more expensive.
- If dispersed, the voluntary sector organisations may have to reduce services to pay for commercial rents. This may lead to costs being incurred elsewhere in the health or social care system as a whole.
- Existing benefits of co-location of social care organisations lost with associated impact upon vulnerable users of their services.
- The opportunity to bring organisations together may be lost for many years due to lease terms.

## Conclusions

42. An assessment of the options is set out below

Option	Viability	Delivery of Priorities	Capital receipt	Revenue cost
Oliver House	Green	Amber	£ 0	£ 41k pa
Willow House	Red	Red	£200k	£ 0
Holgate Villas	Red	Red	£400k +	£ 0
Commercial Lease	Green	Green	£400k + £20k one off cost	£ 0
Do nothing	Green	Red	£400k +	£ 0

*Note: Capital Receipt for all options other than Oliver House is from sale of Oliver House. Willow House is a lower net value as Council will lose assumed capital receipt of £200k from sale of Willow House.*

43. The imminent timescale for the departure from Holgate Villas is creating huge pressure to identify an immediate solution but to date none of the long term options identified provide a cost

effective comprehensive facility. The table above demonstrates that if we want to deliver the vision of a comprehensive health and social care hub with room for expansion then the only option in this timescale is to lease a commercial property to enable immediate progress on the integration of social care and health organisations in the voluntary sector, provide security of tenure for organisations exiting Holgate Villas and allow sufficient time to develop a comprehensive solution in the long term.

## **Consultation**

44. This report has been co-produced in partnership with York CVS and existing tenants of Holgate Villas, particularly York Blind and Partially Sighted Society. Members of staff from voluntary sector organisations are increasingly working in partnership with CYC and are being given open access to West Offices so that they can use the offices as touch down space and to provide ease of access to CYC officers and health partners.
45. There is no doubt that the demand for services will increase up until at least 2020 and more people will have more complex needs. CVS believe that a comprehensive Health and Social Care Hub would greatly assist the Council to meet the needs of vulnerable people in the city. A commitment from the Council now would harness the goodwill, enthusiasm skills and expertise of the voluntary sector and foster a productive partnership focussed on developing a valuable community asset.
46. The initial proposal to develop a health and social care hub at Oliver House was made based on the best information available at the time and with which all parties engaged in a positive manner. When that proposal was shown to be financially non-viable earlier this year' just at the time at which the move for greater integration of Health and Social Care and the supporting ITF were being announced by the Government, it was important that all parties worked together to find an alternative solution. The immediacy of the likely termination of leases for organisations in Holgate villas added even more urgency to the need to find an interim solution.
47. CVS and CYC have engaged in a robust process to identify potential locations for such a site. As detailed in this paper, that has been a challenging and ongoing process. Both parties are absolutely committed to finding a long term, fit for purpose

solution, and most importantly, will increasingly work together as a single team to ensure this happens. As a result, York CVS fully supports the option to find a long term solution whilst continuing and developing the joint working of voluntary sector organisations at a secure short term (2-3 years) premises.

## **Council Plan**

48. The development of a Voluntary Sector Social Care Hub would support the council priorities of Creating Strong Communities and Supporting Vulnerable People.

## **Implications**

49. The proposed Social Care Hub has the following implications

- **Financial**
  - A capital receipt of £450k or a revenue income of £41k is assumed within the EPH project and if this is not achieved then further savings will need to be found to replace these monies. The actual capital asset value of the Oliver House exceeds this, especially with a potential marriage value with adjoining land.
  - The costs for CYC to take out a head lease on a city centre commercial property will be covered from rental income but the £20k capital cost for making the offices more accessible may not be recouped unless there is surplus income. This will be clarified once detailed agreements have been drawn up.
  - The £20k could be taken from capital contingency where there is a remaining balance of £441k.
- **Human Resources (HR)**
  - None
- **Equalities**
  - The establishment of a Social Care Hub would greatly improve the capacity of the voluntary sector to support a range of vulnerable and disadvantaged client groups within city. Failure to identify a suitable alternative location for

existing residents of Holgate Villas would potentially threaten current services provided by these organisations to some of our most vulnerable residents.

- **Legal**
  - The Council's general power of competence in section 1 of the Localism Act 2011 provides ample powers for the Council to support the voluntary sector in the manner proposed. The proposal would involve the Council taking on a lease and the associated legal responsibilities. Appropriate legal agreements would be entered with the voluntary sector providers to allow them to occupy parts of the premises. As these agreements would be for a period of less than seven years they are not affected by the requirement under section 123 of the Local Government Act 1972 to achieve best consideration.
- **Crime and Disorder**
  - None
- **Information Technology (IT)**
  - None
- **Property**
  - Contained within the report
- **Risk Management**
  - Failure to identify a location for the organisations relocating from Holgate Villas

## **Recommendations**

50. Cabinet are asked to:-

- In partnership with York CVS to take out a two year lease with a one year extension on a city centre commercial property to be funded from Voluntary and Community Sector rental income

*Reason: To establish an interim Health and Social Care Hub and provide secure tenure for VCS organisations exiting Holgate villas*

- To agree to undertake £20k of essential capital works to improve accessibility at a City Centre commercial property funded from capital contingency

*Reason: To ensure that the Health and Social Care Hub is fully accessible*

- To commit to the development of a long term Health and social care hub in the city centre

*Reason: To expand the collaborative working between sectors on health and social care integration.*

- Agree to release Oliver House and the adjoining garages for sale on the open market

*Reason: To realise a significant capital receipt to fund the redevelopment of Elderly People's Homes*

Contact Details:

<b>Author:</b>	<b>Cabinet Members and Chief Officers responsible for the report:</b>
<p><b>Tracey Carter</b> AD Finance Property and Procurement, CBSS Tel No.553419</p> <p><b>Garry Jones</b> Chief Executive CVS</p>	<p>Cllr Tracey Simpson-Laing, Cabinet Member Health, Housing and Adult Social Services</p> <p>Cllr Dafydd Williams, Cabinet Member for Finance, Performance and Customer Services</p> <p><b>Dr Paul Edmondson Jones</b> Director of Health and Wellbeing</p> <p>Ian Floyd Director of Customer &amp; Business Support Services</p>



	<b>Report Approved</b>	√	<b>Date</b>	1 November 2013
<b>Specialist Implications Officers</b>				
<b>Wards Affected:</b> Guildhall				
<b>For further information please contact the authors of the report</b>				

## **Annexes**

Annex 1 - Confidential Annex 1 – Commercially sensitive Valuations, lease costs and rent budgets