
Cabinet

15 May 2012

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

Implementing the Review of the City of York Council's Residential Care Homes for Older People

Introduction

1. This report provides financial model options arising from the decision by Cabinet on the 10 January 2012 to proceed with the development of the three sites to replace the councils existing Elderly Persons' Homes. The report seeks an approval in principle for Option 4 and its borrowing requirements together with decisions on the way forward for this modernisation programme over the next four years.

Background

2. At its meeting on the 10 January 2012, and in the context of the positive public endorsement of the overall Elderly Persons Homes (EPH) strategy, Cabinet agreed:
 - a) to the closure of Oliver House and Fordlands Residential Care Homes and that residents' moves to their new homes are carefully planned and managed in line with the "Moving Homes Safely" protocol
 - b) to the implementation of the overall programme of development for the modernisation of the council's Residential Care Homes
 - c) that officers undertake a soft market testing exercise for the development of the Lowfield site and report back to Cabinet the outcome along with a financial model of the operating and design options
 - d) to receive a more detailed business case for the development of a new residential care home on the Fordlands site which shows the possible build and operating options.

Progress on the closure of Oliver House and Fordlands Residential Care Homes

3. Officers from the council's Assessment Teams and Care Home staff from Fordlands and Oliver House worked closely with residents and relatives to ensure that all residents had a carefully planned and managed move to their new home. All 25 residents moved to their 'first preference' home with all, except one, moving to City of York Council EPHs. All residents had been offered and mainly took up the opportunity to visit 2-3 homes before choosing their final preference. Residents without relatives were supported through the process by independent advocates. The residents moved in small numbers and by mid-March all of the residents from both homes had successfully moved and were settled in their new homes.
4. Care management staff set review dates for each of the residents that moved. The reviews were set to take place around 28 days from the date of their move. Feedback so far has been positive from both residents and their families.
5. In addition, York St John University has been commissioned to undertake an external evaluation of practice around the closures of Fordlands and Oliver House. The researcher will talk to residents, relatives and staff about the residents' experience of the moves and the process that has been followed. The research will tell us (a) how well the council followed the process outlined in its 'Moving Homes Safely' protocol, (b) whether that protocol represents a 'best practice' model nationally, and (c) what learning lessons we can take to help inform the second round of EPH closures planned for Spring 2014. The findings of that research will be shared with the Cabinet Member who has committed to make the report public.

Elderly Persons Home Staff

6. All Fordlands and Oliver House staff have now been redeployed into either the same, or fundamentally the same posts at the other CYC EPHs and the vast majority have moved to their first preference home. Thirty two staff have been released via the council-wide voluntary redundancy programme which meant that the council was able to achieve the closure of Fordlands and Oliver House without the need to make any compulsory redundancies.

Fordlands and Oliver House sites

7. The buildings at Fordlands and Oliver House were returned to Property Services on 30 March 2012. The buildings have been let to a 'Property Guardian's' company to arrange for short term residential occupancy. This arrangement offsets site security costs until a decision is made relating to the disposal of Oliver House and eliminates security costs for Fordlands prior to the levelling of the building in preparation for the new build construction.
8. A separate report outlining a range of options for the future of the Oliver House building/site follows this report on the Cabinet's agenda.

The Lowfield Care Village

Ethos of the Care Village

9. As agreed in previous papers to Cabinet, the council's vision is for a 'Community Village for Older People' on the Lowfield site, set within the wider community of Acomb. The site, and the accommodation and facilities within it, will be designed in such a way as to encourage a two way interaction between the care village and the wider community. Care Village residents will access the wide range of services and facilities nearby (eg local shops, Acomb Explore Library, Energise Leisure Centre) and, likewise, the wider community will be encouraged to access the care village site (eg for a community cafe, community garden/allotments).
10. The council sees the accommodation on the Lowfield site being for people aged 65 years+. The accommodation on site will range from completely independent living, to extra care accommodation, through to residential care, including dementia and nursing care. Whilst many residents may not have any immediate care needs on arrival, the village accommodation would be configured for people to be able to access care as required. This would mean, for instance, that all of the accommodation would be built "care ready" with minimal work required to install care technology or aids and adaptations. All accommodation will have good access, wide doorways, en-suite facilities, and be designed in such a way that it can easily be adapted if the resident's care needs change. All of

the accommodation on site will have the option of being 'linked up' 24/7 to the Care Home/Centre should assistance be required.

The Lowfield site

11. The whole Lowfield site covers 13 acres. The Care Village will occupy the six acre site that was previously occupied by Lowfield School. The remaining seven acres are currently green field but, longer term (subject to the successful relocation of the two football pitches) there is the possible option of further development. In considering the six acre site, the council needs to be mindful of the possibilities offered by a second phase to the development. For example, it will need to ensure that the care village's infrastructure (ie access, roads, drainage, electrical sub-stations) is sufficient to 'serve' the seven acres should that be developed at a later stage.

Feedback from the Lowfield Soft Market Testing (SMT) Exercise

12. Cabinet agreed in early January 2012 for officers to undertake soft market testing of options for the site. 'Soft Market Testing' (SMT) describes a pre-procurement phase which has enabled the council to (a) tell 'the market' about the Lowfield Care Village concept/scheme, (b) gauge the market's interest in the project, and (c) engage with the market to hear its views on the project and how it might best be approached. In mid-January the council published a Prior Information Notice (PIN) in the Official Journal of the European Union (OJEU). Considerable market interest followed with some 171 companies expressing an interest in the project. 24 companies made formal responses and over three-day period officers from the council met with ten companies to share and discuss ideas.
13. Representatives of these companies came from a wide spectrum of professionals involved in the design, build, development, and operation of Care Villages. Over the three day period officers met with architects, builders, funders and care operators. There was a clear and enthusiastic response to the exercise and officers learned much about the complexity and competing variables that would have to be considered on this project. All of the organisations consulted expressed great interest in the project and thought that the Lowfield site represented an exciting opportunity to develop something new and innovative for the city. Officers

were left with little doubt about the interest that would be generated by any formal procurement exercise.

The key messages that were gathered from the soft market testing can be seen in detail at Annex A but are summarised below:

14. **The Care Village market is not yet a mature one in the UK.** There are not yet any care villages that have been designed, built and operated by a Local Authority (LA) on its own. There are, however, Care Villages that have been built by developers working in differing partnership arrangements with an LA.
15. **Care Villages work best with a single operator for the whole site.** Examples were given of multiple care providers and a separate landlord and the consequent lack of synergy which impacted adversely on the quality of care provided.
16. **Good design is of crucial importance.** A clear message from the soft market testing was that the (care) operator needs to be working with the architect from the very start to ensure that the site and the layout of accommodation work to achieve the maximum possible synergy both from the perspective of the community and operational efficiency.
17. **Detailed pre-build market research of what facilities should be available in the Community or Social Hub will be key to its success.** The relationship between the Community Hub and the wider community has to be properly thought through. Duplication or counterproductive competition could cause loss of sustainability. Detailed market research will be necessary to gauge exactly what facilities might be wanted/needed on this specific site, given the close proximity of many key services and facilities in the surrounding Acomb community.
18. **The mix and density on site must be carefully determined and needs to satisfy a number of key stakeholders.** Whilst there is a need for clarity around what will work most efficiently and effectively from an operator perspective. There is also a need to be clear about the appeal of each type of building to prospective residents and what style of buildings would sell or rent best in order to make the development financially viable. This is very dependent on local conditions. Any prospective developer/partner would need to undertake a comprehensive market research

exercise in order to determine precisely what is built on site and how much it might command for sale or rent.

19. **The building design needs to be flexible to ensure future proofing and adaptability.** Internal construction of rooms should be designed to be movable to allow rooms to scale up and down. This could, for example, provide the flexibility to change between one and two bedrooms if future demand dictated. Designed in flexibility will allow a switch between care provision in the future should the balance of demand and provision change significantly.
20. **Health partners need to be involved as soon as possible.** Health partner involvement will help shape the village design and input into the services delivered. These health related services could include intermediate care to help people 'step-down' from a stay in hospital.
21. **Affordable Housing** - 25% of the mix of accommodation excluding the Care Home would be designated as affordable housing (ie housing provided to specified eligible households whose needs are not met by the market).
22. **Nomination Rights** - The Tender would include that CYC would have full nomination rights to the 90 registered care beds. Should CYC decide to tender for a partner then there is an expectation that an allocations panel consisting of key stakeholders would determine the suitability of prospective residents for the other on-site accommodation.
23. **Service Charges** - Services and charges should be kept to a minimum but would be determined after market analysis, local research and would be fully understood at the point of any tender award. However, it would be the intention that any charges would be in relation to accommodation services and not to public amenities such as the Community Hub or the gardens.
24. Following the information gained from the Soft Market Testing exercise and the subsequent local assessment of market demand, build costs and potential sale there is considerable confidence that the non-residential, care elements of the new build could be self financing. The exact mix, site density and split between sale, rent or shared ownership would determine the amount of surplus available to fund the Community Hub as well as producing some capital receipts. Overall, the consensus from the process

undertaken is that finance is available, and that architects, developers and operators are ready, enthusiastic and willing to work in partnership with City of York Council in delivering a care village that can help meet the needs and aspirations of York's ageing population over the next 30-40 years.

Financial Considerations

25. A key assumption in our planning has been that the EPH modernisation programme is self sufficient, ie the current revenue costs of £5.3m for the seven homes must afford the operating costs for the three new sites and be able to repay their capital costs over a 25 year period. There is no new long term money available to the project. As a consequence, savings must be made in current revenue/operating costs to be able to afford the capital repayments and deliver the new facilities for the future.
26. If the council did not commit to a Care Home modernisation programme then the forecast demand for dementia and high dependency care services would have to be commissioned from the private sector. However, capacity in this sector would have to grow to meet this demand. The new care homes and the ensuing capital costs are therefore offsetting future costs associated with demographic growth and the need for additional dementia/high dependency care places.
27. There are two major components that make up the cost of providing a care bed - operating costs and capital repayment costs - which have to be paid for from the council's Revenue Budget. Within the operating costs the biggest proportion is staff costs. These are typically over 80% for LA staff and in the order of 60% for independent sector staff. Currently the bed cost of the existing seven care homes is centred predominantly on operating costs plus some central and departmental overheads. Extensive work in the CYC's EPHs in 2011 achieved some significant efficiencies by reducing excess management and by managing rotas better. There is a willingness to explore other options which may reduce costs further and the council is keen to encourage an in-house bid in the event that there is a decision to tender for future operators.

Capital Receipts and Land Costs

28. At the conclusion of the EPH modernisation programme, seven of the nine existing residential care homes will no longer be required

by the Adults, Children and Education directorate and will be returned to Property Services for disposal. Estimates on the value of these sites are variable, depending on when they are sold and whether the site has been demolished prior to sale.

29. Two sets of valuations have been undertaken. Valuations were undertaken by Property Services in January 2011. These prices reflect the most optimistic position. A further set of valuations were undertaken by DTZ in April 2011 and these valuations represent a very cautious position. There have been no sales of similar properties in recent time within York and this makes it difficult to produce a realistic value for the sale of the Care Homes. The most optimistic values have been reflected in this report. Financial appraisal of the most cautious, the most optimistic and a mid point can be found in the financial annex B.
30. Disposal of Oliver House in a way which does not lead to a capital receipt would lead to a greater amount having to be borrowed. Should Cabinet decide that Oliver House should be rented out then the rent would need to generate sufficient revenue to offset the increase in borrowing resulting from not selling the asset. The Report to Cabinet on Oliver House explains each of the relevant business cases and explores their financial implications.
31. The six acre portion of the Lowfield site is estimated as having a value of £2m but this capital receipt has already been included within earlier corporate financial projections and therefore needs to be reflected in the overall capital required. This sum is therefore included in the capital borrowing costs within the financial analysis at annex B. However, the whole six acre site would not be required by the care home development and approximately four acres would be made available for affordable housing, apartments and bungalows for older people that make up the “community village” model. The Fordlands and Haxby Hall sites are also owned by the council and have no capital receipt and consequently their land value does not feature in the borrowing requirements.
32. With an increased accommodation density on the Lowfield site arising from the information gained from the SMT there could be a significant capital receipt stream that will either offset some of the £2m capital cost of the site and/or fund the cost of the community hub. It is not possible to accurately predict what this receipt may be as it would depend on the number, type and price of

accommodation made available for sale. However, it would be reasonable to assume that this receipt could vary between £500k and £1.5m. As these receipts are not included in the financial model they can mitigate any risk around not achieving the full capital receipts for all of the seven sites.

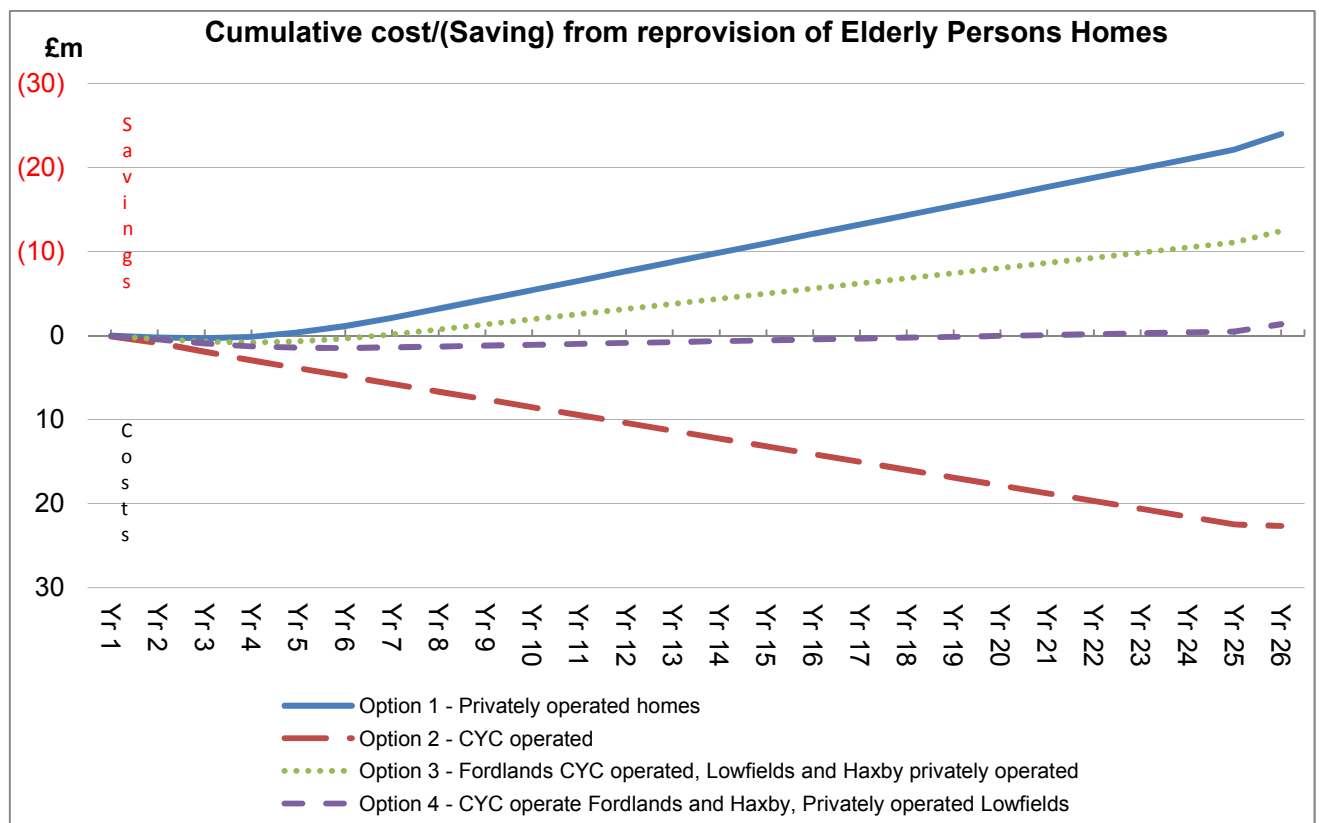
Table 1 Modernisation Programme

Phase 1 April 2012	Phase 2 April 2014	Phase 3 April 2015
Oliver House closed Fordlands closed	New Fordlands opens Lowfield Village opens Haxby Hall closes Oakhaven closes Windsor House closes Morrell House closes Willow closes	New Haxby Hall opens Grove House closes Woolnough closes

Options

33. Whichever option is chosen to fund, build and operate the new facilities there is a need for short term revenue funding in the early years whilst building works are completed and accommodation is sold on the village site. The amount varies according to who operates the homes, the possible partnership arrangements with developers, and the profiling of the capital land receipt for Lowfields.
34. The financial appraisal of four options has been considered:
 - Option 1 - the three new developments have care provided by independent sector operators
 - Option 2 - the council provides the care on the three new developments
 - Option 3 - the council provides the care on the Fordlands development only. Care on Lowfield and Haxby Hall is provided by an independent sector operator
 - Option 4 - the council provides the care on the Fordlands and Haxby Hall developments only. Care on Lowfield is provided by an independent operator

35. In order to assess the financial viability of these options, several assumptions and scenarios have been made and modelled. This detailed analysis can be found in annex B.
36. Each option has been appraised against the most favourable, least favourable and a mid-point capital condition. The most favourable conditions see no overspend on the predicted build cost and the most optimistic capital receipts from the sale of the seven EPHs. The least favourable conditions assume the most cautious capital receipts and a 20% overrun on build costs. The middle option assumes medium capital receipts and a capital build overrun of 10%.
37. The graph below shows the cumulative cost/(savings) of each of the options given the best case financial conditions stated above.



38. **Investment is needed in the early years of all the options.** The graph above dips below the yearly axis for all options, primarily due to staff transferring to external providers on current terms and conditions and only over time being replaced by the private operator's own staff. The value of the initial investment to cover cash outflow in the early years of the project, the time taken to

repay this initial investment and the ongoing savings thereafter have then been calculated to inform any decision to be taken.

39. The most financially advantageous scenario is for all homes to be privately operated (Option 1). Investment of £36k is needed in year 1 (2013/14) and a further £160k in year 2 but savings then start to fall out with £90k forecast in year 3 to lower the investment required that year to £106k. No investment is required in year 4 which delivers a saving of £184k. The initial investment of £338k is paid back in year 5 (2018/19) and by the time capital repayments finish in year 26 the project will have saved £24m and will generate further annual savings of £1.8m thereafter.
40. The second option for the authority to operate all the homes would require investment of £22.6m over the life of the project. Investment of £121k is required in year 1 (2013/14), with £887k in year 2, £1,038k in years 3 and 4 and then £930k each year thereafter to accrue total costs of £22.5m over the 26 years. After 26 years as the capital repayments cease a £165k annual investment above current revenue levels would be needed.
41. The third option of the authority running Fordlands and the remainder privately operated requires total investment over the first 4 years of £850k. An investment of £67k is required in year 1 (2013/14), £378k in year 2, before cost savings begin in year 3 of £91k to reduce investment in year 4, with a saving of £168k in year 5. The total investment of £850k is repaid in year 7, and by the time the capital repayments end in year 26 (2037/38) the project will have saved £12.4m with ongoing savings thereafter of £1.4m
42. The fourth option of the council operating Fordlands and Haxby would require investment of £1.5m. Investment of £67k is needed in year 1 (2013/14), £408k in year 2, £469k in year 3 before a cost saving of £108k begins in year 4 to reduce the investment required to £361k that year, and subsequently reducing investment amounts of £145k and £39k for years 5 and 6. A £69k saving would accrue in year 7 and increase to £105k saving in subsequent years before repaying these investment costs in year 21 (2032/33). It would then generate a savings of £1.1m, until the capital repayments end in 2038/39 when ongoing savings of £870k per year would accrue.

Local Authority Trading Company

43. In addition to the above options an option to provide the care in the new facilities via a Local Authority Trading Company (LATC) has been carefully considered.
44. An LATC is an organisation that a LA is able to establish through powers in the Local Government Act 2003. The power to trade is exercised through a company and the LATC is permitted to trade in anything that it is authorised to do under its ordinary functions. In the case of an LATC established to run residential care homes the LATC could be able to sell care beds to a wider market.
45. An LATC would seek to improve efficiencies in operating costs and overheads. However, in the financial year 2010/11 over £800,000 was taken as an efficiency saving from the EPH budget. These savings resulted from a reduction in staffing levels in line with suggested ratios for the private sector. There has also been a substantial reduction in overtime payments and better management of staff replacement hours. These are some of the areas that an LATC would automatically target but there is little remaining scope to increase savings much further without changing terms and conditions.
46. An LATC would encounter the same challenges around changing staff terms and conditions as is the case with existing in-house services. As staff turnover is experienced it may be possible to recruit new staff on different terms and conditions that are similar to those found in the independent sector.
47. In addition to the direct running cost of these homes, infrastructure or back office support costs would also need to be factored in. In the case of an LATC there will still be a need to buy in financial, human resources and some other services. Unless the LATC is of sufficient size it is unlikely to be worthwhile creating its own back office support so the LATC would most likely either buy these from within the council or from some external source. With regard to line management external to the care homes themselves there is likely to be a need to have a manager with overall operational responsibility for the new care homes and the care village. There have already been significant reductions in this area and there are no apparent further savings to be realised from reductions in operational management.

48. There is scope for an LATC to trade and provide services in a way that is not possible within the existing arrangements. However, in order to do so, any new service would need to be competitive on quality and cost and whilst there may be no issue with quality, the cost of a residential care bed is still some way more expensive than can be purchased from the independent sector. Caution should be exercised in assuming that an LATC will be able to break even within the short or medium term and in the case of an LATC consisting solely of residential care homes then is likely to remain subsidised for as long as terms and conditions remain unchanged.
49. In practice LATCs are still relatively new and take some time to establish. Few have been established for any length of time and savings in social care LATCs are taking time to realise, with targets being limited to 10% over a three year period.
50. In deciding to go to tender an LATC option could be explored within an in-house bid.

Option Analysis

51. Irrespective of which option is chosen the monitoring of the quality of the care delivered would be the responsibility of the Care Quality Commission (CQC) and the council's Adult Social Care Commissioning Team that specify the standards for the service and monitor the contracts alongside individual care management reviews for all residents who would live in the homes. The Commissioning Team adopts a consistent and significant degree of contract monitoring across all the services it commissions. Taking information from several areas it enables the council to monitor the performance and quality of the services it purchases to ensure successful outcomes and quality for the people that receive services.
52. As part of its approach to monitoring the council:
 - conducts quality monitoring and audit reviews of services involving customers and relatives
 - analyses complaints/concerns made by individuals/carers and actions issues raised by care managers
 - analyses any safeguarding referrals made
 - has a close relationship with the Care Quality Commission regarding standards and quality

- shares information on quality, standards and performance with health colleagues
- undertakes joint visits with health colleagues as necessary
- analyses performance against standards set within service contracts

Option 1 - the three new developments have care provided by independent sector operators

53. This option provides the most favourable financial position. However, it does not fit well with the feedback obtained during last year's citywide public consultation where the majority of consultees (86%) indicated that they were keen for the council to continue running its own services. The option does, however, accord with the importance placed in the consultation on obtaining value for money. Staff would transfer to the new provider under TUPE legislation and be afforded the same contractual terms and conditions to which they have currently.

Option 2 - the council provides the care on the three new developments

54. This option is the least affordable even though it fits well with the feedback from the consultation exercise. In this option the existing care staff would move into the newly built care homes including the care home on the Lowfield Care Village. However, there is an issue about who would provide the care within the supported and sheltered accommodation in the wider care village site. This could either be undertaken by the independent sector in line with the current strategic commissioning direction or by new CYC staff being recruited to undertake this task. Both scenarios provide challenges. In the first scenario, where CYC operate the care home and the independent sector operate the domiciliary support contract, there is a strong risk of lack of synergy introduced by multiple operators and a lack of clarity about who is actually responsible for running the care delivered in the village. Feedback from the Soft Market Testing event warned against this situation. In the second scenario, where the council provides all of the care across the Care Village, the issue of one provider is addressed but significant extra costs are incurred by effectively growing the overall amount of in-house provision at a time when council budgets are under strain. The additional cost of providing these community services has not been worked out but it is clear

that it would add substantially to those costs already attributed to CYC operating the care homes. Furthermore, the higher costs of a CYC domiciliary support service may not be supported by residents using their own individual budgets.

Option 3 - the council provides the care on the Fordlands development only. The care on Lowfield and Haxby Hall developments is provided by an independent sector operator

55. This option is financially more affordable than option 2 but less affordable than option 1. It also fits less well with the feedback from the public consultation. CYC staff would TUPE transfer to the Lowfield Care Village and to the new Haxby Hall. The use of an independent sector operator across the whole of the Lowfield Care Village would eliminate the issue of multiple providers and not incur the financial cost of recruiting CYC staff to provide community support to the community village assisted living accommodation.

Option 4 - the council provides the care on the Fordlands and Haxby Hall developments only. The care on the Lowfield care village is provided in partnership with an independent sector operator

56. This option presents more of a compromise in that it responds better to the public consultation feedback by providing council run care in two of the new residential care homes and addresses the challenges around cost and single operator issues on the Lowfield site. It reduces risk to the council by working in partnership with an operator on the care village that has experience in this area of service delivery.

Council Plan

57. The protection of vulnerable people lies at the heart of the council's priorities. Over 7,000 vulnerable adults receive social care services in York. The council's overarching objective is to safeguard such adults, to promote their independence, enable them to make real life choices and give them control over their daily lives

Implications

Financial

58. The development of the three sites is a significant financial undertaking for the authority and Members should note that, as with any large scale capital investment, costs may vary. The capital model shows how such variations will impact on the affordability of the proposal taking national construction costs from work commissioned by Pinders and then subjecting these costs to increases of 10%/15%/20%. In addition the capital receipts position has been modelled for a number of different scenarios that, when taken with the variations in costs, show a range of values that would need to be funded through the use of prudential borrowing.
59. The capital receipts valuations used in the report should be used as an indication only as capital receipts can vary in value depending upon a number of factors such as market conditions, alternative use and planning permission.
60. The financial modelling is based on estimates and before members are asked to approve the Capital budget that would allow the scheme to go ahead a tender exercise will be carried out to establish an accurate costing for the development of the schemes.
61. It is important to note the revenue parameters that the financial model and project operate within. All future decisions clearly will need to be mindful of the financial position presented and to consider the available capital and revenue funding. This would also include consideration of any initial investment, the “Early Years Deficit” which would need to be financed.
62. The early year’s deficit shown under the various scenarios and options will, where possible, be funded from the venture fund subject to the fund having sufficient resources. The financial annex B sets out the estimated range of early year’s deficits that needs funding based on current projections.
63. A further review of the overall financial position will take place to ensure affordability of the proposed options before a recommendation is made to Members for a budget commitment. This will also include an assessment of the ability to afford the

early year's deficit from the Venture Fund, and other potential options where appropriate.

Human Resources (HR)

64. This is a significant change programme, which impacts on approximately 270 employees currently employed in our seven current EPHs.
65. All options can be delivered without the need to make compulsory redundancies. Should options 1, 3 or 4 be taken forward, staff would be eligible to transfer to a new provider under the Transfer of Undertakings (Protection of Employment) Regulations 2006.
66. Work is ongoing to predict and carefully manage our staffing levels over the next 3 years in order to maximise options for staff, should option 3 or 4 (a mix of CYC and independent sector) be recommended.
67. The council will also explore further requests for early voluntary severance, and movement between homes in order to minimise the impact on staff during the programme of change. If requests do come forward, if approved, the council would plan to release staff in line with Phase 2 of the programme (ie in April 2014).

Equalities

68. An Equality Impact Assessment (EIA) for the care home modernisation programme was produced for the November 2011 Cabinet Report. It particularly highlighted the potential implications of the modernisation programme for the health, security and well-being of frail residents and also female members of staff who are older and also carers themselves. A copy of the EIA is at Annex C.
69. In response, the council developed and followed a 'Moving Homes Safely' protocol when closing Fordlands and Oliver House, to ensure that residents' moves to their new homes were as well planned and carefully managed as possible. Likewise, careful planning and management of staff vacancies enabled the council to avoid compulsory redundancy for Fordlands and Oliver House staff, and staff were able to transfer into similar posts in the other seven council care homes.

70. Now, looking forward, a wider reference group of external stakeholders has been established (with significant representation from the voluntary sector) to act as a sounding board for the development of plans and specifications for the developments at Fordlands and Lowfield. The group includes representatives from Age UK York, Alzheimer's Society, Churches Together, the 'Dementia Without Walls' project, the Lesbian Gay Bi-sexual Transgender (LGBT) Forum, Older Citizen's Advocacy York (OCAY), York Blind & Partially Sighted Society, York Carers Forum, York Council for Voluntary Services (CVS), York Dementia Network, York Older People's Assembly (YOPA), and York Racial Equality Network (YREN).
71. At its first meeting on 2 March 2012 the wider reference group agreed that its aims would include:
- to be kept informed and up to date with the work of the various EPH Project Task Groups
 - to bring a wealth of knowledge and experience together to share 'intelligence' picked up from other work/projects/visits that should influence the work of the EPH Project
 - to comment on, and provide challenge to, the council's current thinking and plans at key stages in the EPH modernisation programme
72. The council will also be using established channels to communicate with, and gather the views of, EPH managers and staff, care management staff, and Health colleagues.

Legal

73. Legal advice and assistance will be provided throughout the procurement process and during the contract negotiations to ensure that the council's interests are protected.

Property

74. As part of the Asset Management Review detailed in the Council Plan all vacant EPH properties will be included and best use of the sites will be identified. If there is no requirement to reuse then the sites will be sold and used to fund the project. If any of the sites are to be reused then either other sites will be identified as a result

of the review to obtain the capital funding required, or, a revenue stream will be used to fund the additional prudential borrowing.

75. In respect of the Lowfield Site (see paragraph 11) any capital receipt from the additional seven acres will go to the general fund.

Procurement

76. A series of procurement options have been devised following the market engagement analysis. The route to market for the replacement EPH to be built on the Fordlands site is relatively straight forward compared to the Lowfield proposals and will involve the council procuring project and design services and then a general builder to construct the building.
77. The procurement options for the Lowfield site are more complicated due to various funding and lease options and, in addition, the need for the developer/operator to source the majority of the funding. Due to the complex nature of these options, expert external legal opinion is being sought to support the options appraisal.

Risk Management

78. The governance of the EPH Project calls for a strict project management discipline. This includes the management of risk. A risk log was established at the beginning of the project and this is continually updated and reviewed as the project progresses through its various phases. As risks drop off, other new ones emerge and strategies are identified to mitigate these risks. The risk log is a standing item on the agenda of the monthly project review board. A traffic light colouring system is used to determine the degree of risk. All board members are able to contribute and challenge the risk level and the strength of those strategies employed to mitigate them. The project manager has responsibility of the maintenance of the risk log and is accountable to the project director.

Recommendations

79. That Cabinet agree in principle to Option 4 (subject to further financial consideration and Full Council approval), that is:
 - a) that the council fund and operate the new residential care home to be built on the Fordlands Road site by engaging a design

team and then entering a formal tender process to procure a builder.

- b) that the council states its intention to operate the new residential care home to be built on the site of the existing CYC care home at Haxby subject to financial affordability in Autumn 2013 when a firm decision on that particular home is required.
- c) that the council seek to procure a partner through a tendering process to fund, build and operate a 'community village for older people' (including 90 residential care beds) on the Lowfield site in Acomb. The council's own in-house service will be able to compete for this work.
- d) that Cabinet receive further reports outlining the outcome of the tenders for both the Fordlands and Lowfield village developments, with updated financial implications on all areas, to assess the affordability of the proposals.

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	Report Approved	✓	Date 3/5/12
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Wards Affected:		All	✓
For further information please contact the author of the report			

Annexes

Annex A – Feedback from the Soft Market Testing exercise

Annex B – Financial Analysis (Confidential Annexes A-C in this section are attached as hard copies to private packs only)

Annex C – Equality Impact Assessment