

Cabinet

4 June 2013

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

Update on the Council's Elderly Persons' Homes (EPH) Modernisation Programme

Summary

1. This report provides an update on the council's Elderly Persons' Homes (EPH) Modernisation Programme and proposes to proceed to tender to secure two new care home facilities – at Burnholme in the east of the city, and at Lowfield, Acomb (as part of a community village for older people) in the west of the city.

Background

2. At its meeting on 15 May 2012, Cabinet considered a report that outlined a programme of modernisation which would see the council's current Elderly Persons' Homes (EPHs) replaced by two new care homes, providing lifetime care in specialist settings designed to support people with dementia and high dependency care needs. The report noted that the council should also consider, at a later date, whether or not a replacement for Haxby Hall was required based on future projections of demand and affordability. This work has now been completed and officers consider that a third care home at Haxby Hall is not required.
3. This modernisation programme is part of the council's wider ambition to support the development of York as a 'Dementia Friendly City', and to support frail elderly people to be able to live in their own homes and communities for longer.
4. The development of a new 'household model' of residential care has drawn on many examples of innovative care and settings in the UK and Europe. The council is now in a position to progress to tender for its care home modernisation programme. This report sets out that programme.

5. The care home modernisation programme is essential because the council's current EPHs, all built in the 1960s and 1970s, are reaching the end of their lives as fit-for-purpose care homes. The majority of places are provided for frail elderly people but the greatest demand now and expected in the future is for specialist dementia and high dependency care.
6. The current CYC homes were not designed to support people with dementia and high dependency care needs and so the physical environment understandably falls some way short of care homes being built today to modern standards and incorporating best practice dementia design.
7. For example, only 31 out of the 230 bedrooms in CYC's remaining seven EPHs have en-suite facilities, and room sizes and day facilities fall well below an acceptable modern specification. Narrow corridors and door openings make wheelchair access difficult, and access to secure gardens and outdoor space (particularly important to dementia sufferers who enjoy walking) is relatively limited in most of the homes.
8. At the time of writing the council is carrying 17 'frail elderly' vacancies across its seven homes. This is largely because the council homes do not have enough of the dementia care places that are most needed. However, our EPH managers continue to adapt and tailor our care homes and provision to meet demand as far as is possible within obvious physical and financial constraints.
9. At present, if a resident's care needs increase to a level that requires nursing care they have to move to a nursing care home. A key feature of the council's vision is for care homes where the built environment is large and flexible enough to be able to switch between the type of care that can be provided - dementia care, high dependency care, nursing care, and respite care. Once admitted to such a care home, a resident should not have to move home again even if their care needs increase.

Consultation

10. A large public consultation exercise undertaken in summer 2011 revealed significant public support for the council's vision for:
 - a) Modern residential care homes focused on providing specialist dementia and high dependency care.

- b) Built to a higher specification in relation to, for example, room sizes, en-suite facilities, access to secure outdoor space, and dementia-friendly design.
 - c) Care homes that can deliver the concept of 'lifetime care' explained in paragraph 9.
11. As the details of the modernisation programme have been developed, key stakeholders - including current EPH residents and relatives, EPH managers and staff, Trade Unions, Care Management and Health partner colleagues – have been kept informed and engaged on a regular basis through a mix of meetings, briefings, and correspondence. Representatives from key voluntary sector partners such as Age UK York, York Older People's Assembly, and the Alzheimer's Society, have also been engaged in an EPH Wider Reference Group that meets every three to four months. See full membership at Annex A.

The Care Home Modernisation Programme

12. The May 2012 Cabinet report proposed building at both Fordlands in Fulford and at Lowfield in Acomb (as part of a community village for older people) and also noted that the council should consider at a later date whether or not a replacement for Haxby Hall was also required based on future projections and affordability.
13. Since May 2012 significant further work has been undertaken to explore the projected future demand for specialist residential care, to consider the developing supply of local residential and nursing care provided by the independent sector, to reflect on the limitations and constraints of the Fulford site which came to light in Autumn 2012, and to explore the potential opportunities provided by the Burnholme site.
14. Despite the significant financial challenges facing the council, it remains committed to modernising the residential care available to older people with high levels of dependency. Having taken account of the factors outlined above, the Cabinet is recommended to issue a combined tender for the building and operating of:
15. **Two new specialist residential care homes** at Burnholme (72 places) in the East of the city, and Lowfield (90 places) in the West – providing 162 places in total, including 20 respite care places.

16. Since the May 2012 Cabinet report members of the EPH project team have researched care homes/villages within the UK and Europe and developed our understanding of the model of care that can be provided within the new developments.
17. As a result of this research it is proposed that the two new care homes should provide a 'household model' of residential care whereby residents will live in self-contained households that are home to a maximum of 12 residents – 'a home within a home'. Such households will provide a more domestic and homely environment than a traditional large care home. Each household will have a domestic kitchen and open plan communal spaces that will help promote a sense of community, whilst also supporting the staffs' care and observation of residents. The residents' own bedrooms, with en-suites, will be close by thus ensuring that privacy and dignity can be achieved for all residents.
18. As well as providing a more domestic setting, the household model facilitates the grouping of residents by care need (eg level/type of dementia) or by background/interests. It also allows greater flexibility as, so long as the design is right, the focus of a household can be shifted to respond to changing needs. This will help ensure that the homes are as 'future-proofed' as possible.
19. The care home at Burnholme will be located to the south of the Burnholme Community College sports hall on land adjacent to St Aelred's Primary School which has not been used for some years. Access to the building will initially be from Darnbrook Walk.
20. Burnholme College will be closing in the summer of 2014 and Asset and Property Management are currently exploring options for the future use and development of this site to provide community facilities and meet council priorities. Proposals will be reported to Cabinet later in the year followed by a public consultation. It will be the intention to incorporate access to the care home from the Burnholme site as part of any design, and to ensure it links into the uses which this site will be put to. This is anticipated to provide a permanent access from Bad Bargain Lane.
21. **A Community Village for Older People** on the old Lowfield school site in Acomb. This will include a care home (90 places), a Community Hub, and a range of other housing accommodation for older people. The council's vision is of a community village that:

- Is available & affordable to all older people in York.
 - Features dementia-friendly design with a heavy emphasis on outdoor living – including private and shared outdoor spaces.
 - Provides a mix of housing accommodation types and tenures for older people (25% of which to be affordable housing) that will free up other (family) housing in the city. All of these homes will be wheelchair accessible, built to Lifetime Homes standard, and capable of being kitted out with assistive technology.
 - The Local Plan indicates that at least 72 dwellings could be developed on the Lowfield site. The care on site can offer support to people in these dwellings if needed and so offer the opportunity of a dispersed (within a village) sheltered with care type model.
 - Provides village residents with a ‘care pathway’ that runs from independent living right through to end-of-life care.
 - Features a Community Hub and communal spaces that will draw in both village residents & members of the wider Acomb community.
22. The council will fund the building of the two new care homes and so retain ultimate ownership of the buildings and the land on which they stand, but the care homes will be designed, built, operated and maintained by an external provider.
23. In February 2013, the council in setting its budget for 2013-2015 concluded that, in order to make the modernisation programme affordable, it would seek an external partner. The potential benefits of procuring a single external provider of the care across both sites are outlined in paragraph 34.
24. The 162 care places in the two new facilities are expected to meet the projected increased demand for residential dementia care places and will be supplemented by commissioning any additional places required from local independent sector provision. We have seen new developments opened by the independent sector since the public consultation in 2011 and, together with the Independent Care Group, we are working on a market development statement to encourage providers to also respond to the changing needs of older people.

25. We also expect that continued improvements in supporting more people in their own home, together with the development of other models of accommodation (eg sheltered housing schemes and the dwellings in the Lowfield community village) will help to limit the increasing demand for care in registered homes.

Financing of the Modernisation Programme

26. The primary financial parameter within which the project is seeking to operate is the existing revenue budget of providing the current service. It is from this budget that both the capital cost of building the new homes, and the operational cost of the facilities will be met.
27. The proposal is that the council finances the construction of the homes, and seeks a build and operate solution. It will be essential to be able to match up the capital and revenue costs in order to determine the extent to which the scheme can be accommodated within existing budget provision. Only once the council has been through a full procurement will the actual costs be known and then allow for proper consideration as to affordability from the existing budget. The procurement process will seek both capital and revenue tenders, which will then allow the council to consider the actual financial implications of the project.
28. With regards to the capital costs, it is estimated that the total costs could be in the region of £25-£30m to build the new facilities. Some £5m is likely to be able to be funded from capital receipts associated with the project (the sale of the current seven EPH sites and a potential capital receipt for the land for housing at Lowfield), but the remainder will need to be financed from borrowing by the council (unless the Developer was to be asked to complete a full design, build and finance scheme). Therefore the borrowing to be financed is likely to exceed £20m.
29. In order to stay within the existing revenue budget, and be able to finance the capital costs, it is estimated that the tender price will need to be towards the lower end of the estimated £25m-£30m. The procurement process will seek to develop a solution that can be met from the council's existing budget provision. It is not expected that the project will deliver further savings, with the likely need to use the entire budget to fund the capital/revenue operating costs of the new service.

30. A further report will be brought back to Cabinet/Council once the procurement process has been completed, to consider more fully the detailed financial implications.
31. Until the full procurement has been completed, there clearly remains a risk that the project may not be able to be delivered within the existing budgetary provision. There are a number of risk factors to be considered, including overall build costs, extent of market interest, and the overall economic picture, which will impact upon the procurement. In addition, there are potential timing issues regarding cash flow in the construction period which will need to be considered.
32. Given the scale and complexity of this procurement, preparation and delivery costs are estimated to be up to £500k. This estimate includes the costs of a wide range of specialist advice and support (eg legal, design, technical, procurement, commercial, site surveys). These costs can be met from the existing capital programme budget for the EPH modernisation programme (£662k) although there is the risk that, if the care home developments do not happen for any reason (eg a failed procurement exercise), the project costs would need to be written off.

Procurement Approach

33. It is proposed that the council procures a provider (or consortium of providers) that can design, build, operate and maintain the two care homes at Burnholme and Lowfield, and the wider Community Village for Older People at Lowfield.
34. One of the key messages from the soft market testing exercise carried out with potential developers in 2012 was the intrinsic link between the design (capital costs) and operation (revenue costs) of care homes. Letting a design, build, operate and maintain (DBOM) contract will deliver the council:
 - a) guaranteed build and fit out costs
 - b) guaranteed running costs
 - c) incentivised efficiency of operation
 - d) optimal design and care quality solutions
 - e) a scope that gives greater market appetite.

35. The Project Team considered a number of procurement options and has recommended a Competitive Dialogue procurement route. This route will enable the council to explore with bidders different (design and operating model) solutions for achieving the same, desired outcomes. Compared to a restricted procurement process, Competitive Dialogue allows the council to discuss and clarify issues with bidders to achieve a best value solution. Every effort will be made to limit the amount of dialogue with short-listed bidders to a few key aspects, with the council's core, minimum requirements being clearly set out in its contract specification.

Timescales

36. The modernisation programme has evolved in response to the development of the new model of care and the changing financial landscape. The single procurement exercise will start in June 2013 and it is anticipated that, subject to planning permission, construction of the new care homes will start in 2015 and they will become operational in 2016.
37. Annex B shows the key stages of the procurement and construction process with indicative dates.
38. The table below indicates which of the two new care homes the residents of the current seven council EPHs are most likely to move to. As explained in the council's 'Moving Homes Safely' protocol, however, residents will be offered a choice of where they move to and so the alternative option will still be open to them and their relatives.

Until 2016	2016 Burnholme	2016 Lowfield
Grove Haxby Hall Morrell Oakhaven Willow Windsor Woolnough	Grove Haxby Hall Willow Woolnough	Morrell Oakhaven Windsor

Council Plan

39. **Protecting vulnerable people** is one of the council's five key priority areas identified in the Council Plan 2011-2015.
40. The population growth of older people is already placing greater demand on council services and budgets with increased numbers of people seeking support from social care. The council's overarching objective is to safeguard people, to promote their independence and give them choice and control over their daily lives. The Council Plan outlines three key actions that are relevant to, and will contribute to the success of, the care home modernisation programme:
- a) **Care facilities.** Providing great facilities that support dedicated high quality care for people with dementia and other specialist needs.
 - b) **Investing in services to support people in the community.** Investing in telecare equipment and doubling the capacity of the Re-ablement Service to support more people to continue to live in their own homes.
 - c) **Safeguarding adults and promoting independence.** Operating effective safeguards to protect vulnerable adults whilst also promoting individual budgets so that people can exercise greater choice and control over their lives.
41. Another of the council's five key priority areas is to **Build Strong Communities**. Particularly relevant to the Lowfield Community Village development is the council's commitment to increasing the supply of affordable housing and to making better use of the existing housing stock.

Implications

Financial

42. The financial implications are considered in the main body of the report (see paragraphs 26-32).

Human Resources (HR)

43. This is a significant change programme, which impacts on approximately 276 employees currently employed in our seven current EPHs.
44. Work is ongoing to predict and carefully manage our staffing levels over the next three years in order to maximise options for staff.
45. We are continuing to consult with staff on the changes, and staff are eligible to transfer to the new provider under the Transfer of Undertakings (Protection of Employment) Regulations 2006. The new employer will have ample opportunity to meet and consult with staff far in advance of the transfer date.

Equalities

46. 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 wellbeing of frail residents and also female members of staff who are older and also carers themselves.
47. In response, the council developed and followed a 'Moving Homes Safely' protocol which it followed when (in the first phase of the modernisation programme) it closed Fordlands and Oliver House in March 2012, 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.
48. As explained in paragraph 11, an EPH Wider Reference Group has also been established to act as a sounding board for the development of plans as the implementation of the modernisation programme unfolds. The project team also continues to use established channels to communicate with, and gather the views of, EPH managers and staff, care management staff, and Health colleagues.

Legal

49. Internal Legal Services are working with external solicitors to provide all procurement and contract advice to support the project.

Property

50. 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.

Procurement

51. Various procurement routes have been considered and it has been agreed that the most appropriate method is the Competitive Dialogue route which provides use with greater flexibility to work with bidders through the dialogue process to refine the requirements in line with budgetary constraints.
52. A soft market testing exercise for the Lowfield development alone in 2012 suggested there is significant interest in this opportunity. What cannot be known until we go out to the market is how many quality bidders will come forward, either as individual organisations or in consortiums. A minimum of three quality bids will be required to proceed from pre-qualification to the next stage in order to have a viable procurement process.

Housing

53. The development of a community village at Lowfields offers a significant opportunity to encourage older people to downsize from family housing. However, in the current housing market and wider recession there is a risk that the build out of the housing may be protracted. This will need to be managed carefully with an emphasis on supporting providers who can offer flexibility of tenure choices such as increasing the number of homes for rent if the sales market is slow. In any event, the building of the housing will be phased and the impact of this on the care home and existing community must be minimised. It will be essential that the successful bidder for this scheme will be able to demonstrate a willingness and ability to integrate affordable housing across the

community village, and ensure this affordability is not compromised by high service charges.

Risk Management

54. The proposals outlined in this report have significant, long term financial implications for the council and there is clearly an inherent risk attached to any project of this size and nature. The financial estimates have been verified as far as possible however, there is a risk that the tenders could come back at a higher cost than estimated, resulting in an ongoing budget pressure for the council. There is also a risk that the existing sites may not realise the anticipated level of capital receipts included in the financial model and this will need to be carefully monitored.

Recommendations

55. Members are asked to:
- a) Agree to the approach outlined in the report, that is:
- To fund the building of care homes at Burnholme and Lowfield (plus a Community Hub) and seek a capital receipt for the land at Lowfield on which a range of other housing accommodation for older people will be built.
 - The two care homes to feature a 'household model' of residential care focused on meeting the needs of residents with dementia and high dependency care needs.
 - To proceed to tender (in a single procurement for both sites) to procure an external provider that will Design, Build, Operate and Maintain the Burnholme care home and the Lowfield Community Village for Older People.

Reason: To replace the council's existing care homes that are no longer fit-for-purpose with modern facilities designed to meet the needs of residents with specialist needs.

- b) Approve estimated project costs of up to £500k (paragraph 32) in order to complete the procurement process.

Reason: So that the project can progress.

- c) Agree to receive a further report be submitted to Cabinet and Council once the procurement process has been completed.

Reason: To consider in full the financial implications of the project.

Contact Details

Authors:	Chief Officers responsible for the report:		
Graham Terry Assistant Director (Adult Commissioning, Modernisation, and Provision)	Kevin Hall Interim Director of Adults, Children and Education		
Tracey Carter Assistant Director (Finance, Asset Management, and Procurement)	Ian Floyd Director of Customer and Business Support Services		
	Report Approved	✓	Date 23 May 2013
	Cabinet Member Responsible for the report: Cllr Tracey Simpson-Laing Cabinet Member for Health, Housing and Adult Social Services		
Specialist Implications Officer(s) Finance – Debbie Mitchell (Ext 4161) HR – Hannah Morley (Ext 4505) Equalities – Chris Weeks (Ext 4357) Legal – Emma Kerr (Ext 1087) Property – Ian Asher (Ext 3379) Procurement – Zara Carter (Ext 2930) Housing – Paul Landais-Stamp (Ext 4098)			
Wards Affected: <i>List wards or tick box to indicate all</i>			All ✓
For further information please contact the author of the report			

Background Papers:

Cabinet Report - 15 May 2012: Implementing the Review of the City of York Council's Residential Care Homes for Older People.

Annexes

Annex A – Membership of the EPH Wider Reference Group

Annex B – Key stages and indicative dates