

Older Person's Accommodation

Summary

1. The purpose of this paper is to provide context to the decision to end the procurement exercise that began in 2013 to build two new care homes in the city and to develop housing on the Lowfields site. On 3rd March 2015 revised proposals were presented to Cabinet based on creating Extra Care Housing with the Independent Sector and reforming the council's existing EPH stock. This will also provide a new care home on the Burnholme site in addition to other health and community facilities. Cabinet were also asked to abandon the existing procurement.

Background

2. In June 2013, Cabinet approved plans to fund the building of care homes at Burnholme and Lowfield, including a Community Hub. Cabinet also approved plans to seek a capital receipt for the land at Lowfield on which other housing accommodation for older people would be built. Cabinet agreed to enter into a single procurement for both sites to procure an external provider to design, build, operate and maintain the Burnholme Care Home and Lowfield Community village for Older People. Estimated project costs of up to £500,000 were approved towards the procurement process.
3. The Cabinet paper considered in June 2013 was explicit about the risks involved with this project.

At Para 27, the paper said,

'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'.

At Para 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.'

Para 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'

Para 32

'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'

Para 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'

4. Although the proposals were ambitious, given the significant interest from organisations wanting to develop and run the homes it was reasonable for the council to believe that the market thought that the plans were realistic and achievable.
5. Various procurement routes were considered by the project and it was agreed (following legal and procurement advice) that the most appropriate method was the Competitive Dialogue route.

This approach provided the council with greater flexibility to work with bidders through the dialogue process to refine the requirements in line with budgetary constraints.

6. Three bids were received from consortia and there was an expectation that an agreement could be reached. It was apparent there would need to be dialogue and all aspects of the specification were reviewed to consider whether the proposal could be affordable within the budget the council had available. This work included consideration of the bed numbers, provision for self funders, build quality, types of ensuite facilities, staff ratios, construction timetable.
7. For a procurement of this scale and complexity, it was inevitable that some months would be required to complete the dialogue. Given the extent to which both CYC and bidders sought to find a way to make the proposals affordable, this stage has taken more than a year. Also legal and procurement costs have been incurred trying to structure a deal and as reported, £330k of the £500k allocated to this phase of the project has been spent. The revised proposals will build upon the work done to date and aspects of the project work will be re-used.
8. Concern has been raised about the lack of information available to Members in particular during this phase of the project. Procurements are governed by strict commercial confidentiality and it is not possible to provide updates during the competitive dialogue stage. The council is concerned that residents of our homes and our partners have also had little information for a prolonged period. We recognise the uncertainty that this brings. The revised proposals that have been agreed by Cabinet will be taken forward as separate elements to ensure that if there is a delay to one aspect of the programme that other activity can continue.
9. The Chief Executive is commissioning an external review of the EPH Programme and therefore it would not be appropriate to consider the management of it here. However, as the published project board minutes have illustrated, there has been a focus on affordability throughout the first phase of the project and every attempt has been made to construct agree a solution within the budget that the council had available.

10. In January 2015 Cabinet approved the council's budget for 2015/16 (approved by Council in February) and confirmed that there was no more funding available for the care home procurement. At that point, revised proposals to meet the future housing needs of York's growing older population were drawn up based upon the most recent strategic plans of the authority and its partners.
11. The revised proposals have been worked up assuming that no additional funding will be available. The revised scheme will be funded through the council's existing budget for older people, capital receipts from the sale of our existing older people's homes, grants and prudential borrowing. Given the changing picture of the UK care market, and the huge changes to the national health and social care landscape in the last five years, we are proposing a revised plan which will ensure that the city can deliver the accommodation with care needed, while at the same time responding to residents' wishes to remain independent in their own homes for as long as possible.

Recommendations

Health Overview and scrutiny are asked to:

Note the contents of this report.

Background Documents

Cabinet Papers June 2014 & March 2015

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Report Approved **Date** 16th March 2015

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report