

<b>Decision maker:</b>	<b>Cabinet member health and wellbeing</b>
<b>Decision date:</b>	<b>Monday, 23 April 2018</b>
<b>Title of report:</b>	<b>To review, redesign and remodel provision to realign services relating to nursing care, provided through the Shaw contract, with commissioning requirements.</b>
<b>Report by:</b>	<b>Better care fund and integration manager</b>

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

Leominster East

## **Purpose and summary**

The purpose of this report is to seek approval of the internal remodelling of Waverley House, Leominster and to approve the capital budget of up to £400,000 to fund the redesign. The building is currently leased by the council to Shaw Healthcare for a 30 year period from 2004,

with Shaw Healthcare also providing the nursing, care and support to the residents. The intention is to remodel the building to allow for an 11 additional nursing beds to expand capacity to support vulnerable adults in Herefordshire.

## **Recommendation(s)**

**That:**

- (a) To authorise capital expenditure of up to £400,000 for building remodelling works to the council's freehold interest in Waverley House, Etnam Street, Leominster;**
- (b) To authorise Shaw Healthcare, the current lessee of Waverly House, to procure and manage those works under the supervision of the council; and**  
**To increase the council's existing block contract with Shaw Healthcare by an additional 11 nursing bed capacity on practical completion of the works.**

## **Alternative options**

1. The alternative option would be to continue with the current model and number of beds at Waverley House. This is not recommended as the council is experiencing difficulties in sourcing nursing bedded provision in Herefordshire to meet the eligible needs of vulnerable adults and spot purchasing additional nursing beds at Waverley House over the council's usual rate. The additional capacity will provide further block purchased beds that can be easily accessed at a substantially lower rate than current placements.
2. The other alternative option would be to utilise the space and provision within the contract for residential or short term services. This is not recommended as the pressure for capacity in the market is for nursing beds. Using the space for these other purposes would therefore represent poorer value for money than if it was used for nursing beds.

## **Key considerations**

3. Waverley House was built in 2006/07 and forms part of a 30 year block contractual agreement with Shaw Healthcare Ltd for a number of facilities, including residential and nursing homes and extra care properties, across the county. Six homes were originally transferred to Shaw Healthcare to operate; Woodside, Leadon Bank, Waverley House, Orchard House, Elmhurst and Froome Bank. With the exception of Leadon Bank, which is subject to a 99 year lease, all are subject to a parallel 30 year lease arrangement and the properties will return to the council at the end of the contract in 2034.
4. Analysis of future demand for care home beds in Herefordshire has projected demand for nursing care home beds rising from the current 452 beds to 820 by 2036, indicating a requirement for an additional 368 beds over the coming 19 years. The estimated number of people in nursing care homes with dementia in Herefordshire is expected to rise from the current 294 to 554 over the same period. The expansion of capacity at Waverley House represents one part of the wider strategy for addressing this need.
5. The average weekly bed price that the council have purchased nursing care home beds over the last 12 months is £630.

6. Waverley House is registered with the Care Quality Commission (CQC) to provide 47 beds and currently the contractual block purchase arrangement with the council includes:

Residential Care Elderly Mentally Infirm (EMI) (10 beds);  
Nursing EMI (10 beds);  
Residential Reablement (7 beds)  
Day Care (20 places per day- 5 days per week).

Shaw Healthcare also have Nursing EMI (20) care beds which they control and market directly under a spot purchase arrangement

7. The contracted nursing EMI capacity from 10 to 21 beds will be increased through redeveloping the interior layout of the building, rather than through an extension. This will require building works (mostly interior) to move and form new interior walls, re-siting of some electrical and plumbing services, the fitting of new windows, and the purchase of equipment and fittings, these capital costs are estimated at £330,000 with the remainder covering associated legal and planning costs, for example Architects fees, planning consent, license of alteration.
8. The council currently have eight individuals in spot purchase Nursing EMI beds at Waverley House at a 'market rate' weekly cost, which is substantially higher than the block contract weekly bed rate. This proposal will afford the council a potential saving of £154k pa against the spot purchased provision.
9. Due to the reduction of spot rate to block rate, Shaw Healthcare have requested a maximum six month transition period to minimise the impact of moving from the higher rate to the lower rate. This will reduce earlier if the eight beds that are currently occupied by council funded residents are utilised by self-funders or other private arrangements. This transition will cost the council a maximum of £78,000 for the full six month period but the council will benefit greatly in the future usage of the beds. To assist in mitigating any risk around this transition period and ensure that capacity is fully utilised, there will be monitoring on a daily basis of actual capacity within Waverley House (both block and spot provision).
10. The capital funding to cover the works and legal costs is circa £400,000. In line with procurement advice a minimum of three tenders are being sought and an open book approach used to ensure transparency and provide an audit trail. Shaw Healthcare will engage and manage the building contractor directly and the council will then reimburse Shaw Healthcare, up to the maximum agreed sum of £400,000, for costs properly incurred. With a likely saving of £154k pa referred to in section 8 above, this would result in a payback period of just over two and a half years (assuming no savings at all are made during the transition period). Any additional savings made during the transition period would result in a further reduced payback period.
11. The sourcing and securing of nursing care bed provision is an area that the council have identified as a priority due to insufficient affordable provision and pressure in the market, in part this is because of the high numbers of self-funders/private arrangements and the general increase in demand resulting from the rapid growth in the number of older people in the county. The demand for nursing beds is expected to increase still further in the future and sourcing the beds at the right price in the right location risks financial pressures for the council and overall system pressures.

12. The successful implementation of this project is an integral part of the medium term financial strategy (MTFS) as it will enable nursing beds to be sought and utilised for a rate lower than is currently being purchased.
13. Shaw Healthcare will implement and oversee the project in ways that aim to minimise disruption as the works are undertaken. The residents who are in beds that will be moved will be supported and assessed by the operational social work teams and by Shaw Healthcare ahead of any changes.
14. This redesign of the building and increase in bed provision will add overall value to the building, hence improving a property that is owned by the council.
15. The contract allows for contract variation(s), however any variation needs to be agreed by both parties before it can be implemented. Both parties are in agreement to the changes subject to the transitional period requested by Shaw Healthcare. Within that contract variation we will create obligations and indemnities akin to a development agreement vis “tenants works” and the standard of those works being undertaken. In addition, the council and Shaw Healthcare will meet fortnightly to provide a robust overview and management of the project. Furthermore, there is such demand for this service type that we do not envisage any difficulties in Shaw Healthcare filling the new nursing care beds within a reasonable timescale.
16. Following a review in 2016 of the day care service, provision was reduced from seven to five days per week. The attendance numbers have remained the same and the new room used following the redevelopment of the building will easily accommodate the current cohort of attendees and make more effective use of the space. The room contains a kitchen and access directly to the gardens and easy level access to two bathrooms.
17. The redesign and remodelling works will support the council’s operational social work teams through increasing nursing care bed capacity, where there is demand and pressure. In addition, the seven reablement beds will be utilised to support and reduce delayed transfers of care (DToC) from hospitals and other system pressures.
18. The current day care service will be relocated to an alternative room; the vacated space will then be redesigned to develop 6 new rooms which will incorporate the reablement beds following the move from the second floor; the space on the second floor will then be redesigned to incorporate 4 new rooms which together with the current 7 beds will provide the additional 11 new nursing EMI beds. On the first floor an unused room (sluice and quiet area) will be developed into a reablement room which will maintain the current 7 block purchased reablement beds.

## **Community impact**

19. There will be no negative community impact as there are no changes to service type, service delivery or client group as this proposal only increases existing nursing capacity on the site by eleven nursing care beds. The sourcing and securing of additional nursing care bed provision is an area that the council have identified as a priority.
20. This project will improve service user and families’ choice in Leominster through increased capacity and also support needs and demands identified by commissioners.

21. Consultation and communications with service users/families and staff will be developed.
22. Analysis of future demand for care home beds in Herefordshire has projected demand for nursing care home beds rising from the current 452 beds to 820 by 2036, indicating a requirement for an additional 368 beds over the coming 19 years. The estimated number of people in nursing care homes with dementia in Herefordshire is expected to rise from the current 294 to 554 over the same period. The expansion of capacity at Waverley House represents one part of the wider strategy for addressing this need.
23. The Adults Wellbeing Plan 2017-2020 identifies that the council currently supports around 3200 per year through its adult social care services. On average, there are around 2500 people per year receiving long term services at any one time and of those two thirds are aged 65 years or older. Plus, Herefordshire has one of the highest proportions of people over the age of 65 in the country and the figure is growing faster than in most other areas. In addition to this general trend, the number of people aged over 75 and 85 is increasing at a much more rapid rate and people in these age ranges tend to be much more likely to need formal care. Furthermore although life expectancy has been increasing, the number of years of healthy life that a person can expect has not been growing at the same rate. This means that there has been, and continues to be, a significant rise in the number of older people living with disabilities

## Equality duty

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
24. The public sector equality duty (specific duty) requires the council to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. The service provider will be reminded of and made aware of their contractual requirements in regards to equality legislation.
  25. This project supports the council in fulfilling its equality duty as it will provide an increased opportunity and choice for individuals that have a protected characteristic that of being elderly and in most cases of having a disability There will be no adverse impact on the council public sector equality duty as there are no changes to service type, service delivery or client group as this proposal only increases existing nursing capacity on the site by eleven nursing care beds.

## Resource implications

26. Capital funding of up to a maximum of £400,000 is available from the historic ring fenced adult social care capital grant that preceded the disabled facilities grant and can be utilised for this project. Furthermore the successful implementation of this project will contribute to the medium term financial strategy (MTFS) as detailed below in paragraph 29.
27. Shaw Healthcare will seek and secure architectural plans for the design and planning stage. The plans and specification for the works will be shared with the council's strategic property services manager for approval and then a license for alteration gained before works commence.
28. Shaw Healthcare will seek three quotations and appoint the best construction company based on securing viable quotations, they will operate an open book approach to the costings.
29. The council currently have eight individuals in spot purchase Nursing EMI beds at Waverley House at a 'market rate' weekly cost, which is substantially higher than the block contract weekly bed rate. This proposal will afford the council a potential saving of £154k pa against the spot purchased provision.

## **Legal implications**

30. The council has obligations under the Care Act 2014 and other related legislation to provide social care services to service users including the frail elderly assessed as meeting defined eligibility criteria. In common with most authorities the council has a mixed model of service provision which includes residential and nursing care settings. The freehold of Waverley House is owned by the council and is currently leased to a private provider and will revert to the council in 2034. The terms of the lease restrict the use of the property to a residential care setting and subleasing or sale of the lease to third parties is prevented without the council's consent. Together with the provisions of the care contract which tie into the lease, the council has therefore established sufficient contractual mechanisms to ensure that this proposed investment in the property will exist for the benefit of social care service users for years to come.
31. The financial analysis set out in this Report explains that the council will recover the proposed level of capital investment over 2.5 years by a saving in the price of 11 beds which will move from the provider's spot to block rate. The council's ownership of the building, together with this savings forecast, provides evidence that the proposed arrangement represents a best value solution for the council and that the terms of investment are those which a normal market investor would make, thus demonstrating compatibility with state aid law.
32. The construction contract will be let and managed by the current lessee, Shaw Healthcare, but under the supervision of the council and in compliance with procurement law. The capital funding will be released against proof of expenditure on the works up to the maximum sum of £400,000. The care contract will be varied to oblige the provider to move the 11 beds on to the block rate triggered by the event of practical completion of the works.

## **Risk management**

33. Regular budget control meetings will give assurance on the robustness of the remodelling project, and fortnightly reporting will be in place to ensure the project is on time and within the spend approved.

34. A robust management plan will be developed to ensure milestones are achieved and any risks identified early, this plan will be reported on regularly.
35. Shaw Healthcare will seek three quotations and appoint the best construction company based on securing viable quotations, they will operate an open book approach to the costings. Shaw Healthcare will invoice the council on a monthly basis for the building work. This will be subject to a robust management plan with Shaw Healthcare reporting regularly to confirm build costs and completion is on target.
36. The project will be included within the adults and wellbeing directorate risk register and regular reports will be submitted.
37. If the project is delayed this will impact on the MTFs, however the council are planning and working closely with Shaw Healthcare to ensure the project is progressing in a timely manner.
38. To assist in mitigating any risk around this transition period and longer term the council's broker team will advise AWB operational teams on a daily basis of actual capacity within Waverley House (both block and spot provision).

## **Consultees**

39. Shaw Healthcare have briefly consulted with the staff that deliver the day opportunities and overall they are in agreement with the proposal. Shaw will also communicate with family members and residents regarding the changes, once these have been approved. The detailed project plan will include a communication strategy.
40. The feedback received from the Political groups' consultation exercise was positive and supportive of the proposal. Cllr Bartlett from the Green Party and ward member responded who confirmed that she was happy with the proposals for Waverley House. No other comments or objections were received from the adjoining Leominster ward members.

## **Appendices**

None

## **Background papers**

None identified