

Financial Plan

Briefing Paper/Assumptions

The purpose of this briefing paper is to outline the assumptions in the financial plan going forward for Priory House. As stated if the Pre-Cabinet Scrutiny believes that this could be a way forward it could make recommendations to the cabinet as an alternative solution to the closure of Priory House Care Home.

If adopted, then the Scrutiny Committee to set up a restructured committee to look into these possibilities for the future of Delaware House on the Priory House model.

Background

In 2010, the office for National Statistics (ONS) estimated that the total population for Southend-on-Sea was 165,300 and this is forecast to grow to 170,700 by 2015.

The proportion of the population aged 65 and over is 18.5% (30,700) and is expected to rise to 19.3% (33,700) by 2015. This is higher than the regional average of 17.7% (source: projecting Older People Population Information website).

The vast majority of older people live active and independent lives or they receive their help and support from family members or other unpaid carers. Of the current 30,700 people aged 65 and above, only 2,668 were being helped to live independently at home. A further 1,586 people were living in care homes; approximately 900 of these people had arranged their own care, these people are the market that Priory House will be aiming for and is set to increase to 1,043 by 2015.

It should be noted that this is the golden generation that have generated wealth and in the authors' opinion are capable of funding their individual care in the final stages of their lives. This situation I believe will be the case for the next 20-25 years, the average optimum stay in the home should be based upon 2 years with 3 years being the maximum length.

The main assumptions to be considered are as follows:

- It is recognised that Priory Care Home is an elderly care facility of excellence and is considered that it has set an example to other care facilities within the town.
- That Priory Care Home will be re-structured as a Trading Company

- That ultimately Priory Care Home will be a 30 bedroom facility and will be achieved with minimum funding.
- That the Priory Day Care Centre will be incorporated into the main management structure of the trading company.
- The breakdown of offering care facilities and revenue funding will be on the basis of 22 bedrooms at fully funded at £800 per week to the private sector, 6 bedrooms at fully funded at £952 per week as a step down facility to Southend-on-Sea Hospital or a combination of both but delivering the same level of revenue and finally 2 bedrooms to Southend-on-Sea Council for residential care. This will be delivered over a 3 year period to achieve the full annual revenue.
- That there will be funded by the council of 12 day-care residents at a cost to the council of £225 per week per day care resident.
- All staff associated with the financial plan will be TUPE across on the same terms and conditions.
- The revenue is based upon realistic uptake of residents and that revenue will grow with market forces, but for the purpose of this report will remain static.
- There will be a net saving cost of redundancies of £499,943
- Expenditure costs to grow as listed in appendix 1
- Initial Capital project funding as in appendix 4.
- Initial working capital/cash flow funding as in appendix 7.
- The possibility of placing solar panels on the roof of Priory House to be considered as a possibility of reducing energy costs and capital costs in the future.
- To consider using Priory House as a seed bed for training future carers.
- Staffing implications to be reported verbally at the scrutiny meeting and the implications attached to this report.
- As a facility of excellence there could be a reduction in contract monitoring by the council as Priory House has staff already in place that are fully compliant.
- After the initial capital injection of funds to the requirement of the maintenance to the roof, all other capital requirements will come from the reserves gained from year 3 of the plan.

It should be noted that due to the publicity on Priory House closure, this has had a detrimental effect of residents wishing to be house. There will be a need to have a positive publicity campaign to counteract the situation.

Priory House Review by Laing & Busson

Summary Page 1

Summary – We do not think it offers a viable option. Reasons:

- On page 4 of their report, they state they do not know the room sizes. This is a final last years of life plan. Not a long term residential care home plan.
- The fees are not top end of the range, but middle of the range fees. The lack of en-suite facilities is made up of excellent care facilities. Managers and staff believe these revenue charges are achievable.
- The plan assumes a 90% occupancy rate. Note 100%.
- Day care will be separate, but under one management structure.
- The loss of 3.5 F.T.E. jobs are not in the care staff. That is to remain as excellence.
- The reduction of non-staff costs are not too optimistic.
- It does allow for staff and facilities to manage the organisation.
- There is no disagreement between the council or the plan in urgency of major capital expenditure.

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The fees quoted in the plan have been obtained by the Director of Health and are as follows:

Costs are per day bed

| | |
|------------------------|------|
| Acute hospital setting | £219 |
| Community hospital | £252 |
| Residential care home | £136 |
| Nursing home | £132 |

Local average cost per bed day £184.94 (variation 20% above to 22% below) used as step up and step down facility.

Priory House will increase to 30 beds. Already has the rooms available.

Day care will be separate, but under one management

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- Incorrect statement that the repairs and refurbishments deemed necessary by the council will be delayed.
- Care home survey – fees in Southend-on-Sea range up to £1,200 per week with one care facilitator per 7 residents. Priory plan equates to one care facilitator per 4.25 residents. This is to sustain the excellent quality of care.

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- Does not assume 100% occupancy only 90%.
- Residents expectations – are for end life care and it is the quality of care not the facilities that are of interest.
- Refer to page one, where they state owing to the room sizes: - yet state here they do not know the room sizes.
- Priory House does have spacious room sizes.

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- Quoted as saying that the plan envisages reductions in care costs. This is not the case.
- There are no reductions in care staff and the rate of staff care facilitators = 4-25 at maximum occupancy against the private sector of 7 per resident.

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- Miscellaneous costs. Used inflation rate of 2.5% and 1% for staff costs.
- Achievability. Quoted a reduction of non-staff costs to be 17% when actually the plan shows a reduction of 8%.
- Major saving. Quoted a reduction of 38% in expenditure of sundries and transport. This is incorrect as the savings in the plan are 17%.
- The plan proposes a 78% reduction in photocopier/printing costs. This is correct as there will be a saving in combining the two offices and removing the printer/photocopier.
- Only covers accounting and auditing. All other services are covered by existing staff through training and support.

- There is no cost associated with conversion of day centre to four bedrooms as it is not intending to do so.

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- Agree with the statement and it will be so.

Ron Woodley

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09-10-2013