

# Southend-on-Sea Borough Council

## Report of Corporate Director, Adult and Community Services

to

### Community Services and Culture Scrutiny Committee

On

10 July 2012

Agenda  
Item No.

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Head of Adult Commissioning

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### Residential Care for the Elderly in Southend Community Services & Culture Scrutiny Committee Executive Councillor: Councillor Lesley Salter

A Part 1 Public Agenda Item

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#### 1. Purpose of Report

- 1.1 This report provides the Community Services and Culture Scrutiny Committee with information on older peoples' residential care homes in Southend and, in particular, the challenges facing the 2 Council operated care homes, Delaware and Priory House. This item has been referred to the Committee for pre-Cabinet scrutiny.

#### 2. Recommendations

- 2.1 The Community Services and Culture Scrutiny Committee notes this report and supports the idea that Officers commence informal consultation, as outlined in this report, on possible future developments for Delaware and Priory House.
- 2.1.1 The Committee invites the next meeting of Council to consider nominating 9 Members to form a Task and Finish Panel to oversee this informal consultation process.

#### 3. Background

- 3.1 In 2010, the Office for National Statistics (ONS) estimated that the total population for Southend was 165,300 and this is forecast to grow to 170,700 by 2015.
- 3.2 The proportion of the population aged 65 and over is 18.5% (30,700) and is expected to rise to 19.3% by 2015. This equates to 33,600 people, with 43.5% being male and 56.5% being female. This is higher than the regional average of 17.7% (Source: Projecting Older People Population Information website).

- 3.3 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. In 2011 of the 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 (Source: Projecting Older People Population Information website); approximately 900 of these people had arranged their own care and had not been assessed by this local authority as requiring residential care within the NHS and Community Care Act.
- 3.4 In the 2010/11 the Council had assessed 703 people as requiring residential care and had placed people, under Council contracts, into appropriate long term care homes.
- 3.5 For Council arranged placements the local authority operates within declared prices of £387.24 for 'standard dependency' and £430.43 for 'high dependency/dementia'. In recent years, the vast majority of placements have been assessed as high dependency, reflecting the increasing effectiveness of community based interventions.
- 3.6 Members will be aware that within the extremely challenging financial environment, the affordability of long term care placements has been, and will continue to be, a major pressure upon the Council's budget. The declared rates were frozen in 2008/9 and in 2009/10. In 2010/11 rates were reduced by 5% but the Council was able to apply an inflationary uplift of 3% in this financial year. Looking forward, the mid-term financial forecasts would suggest that further savings will be required in 2013/14 and beyond.
- 3.7 Despite these challenging times, the care home market in Southend has been relatively stable. There are currently 66 registered elderly persons homes in Southend (2 council registered homes) and 8 registered mental health care homes (some residents may be 65 or above). In total, there are around 1,800 care beds for older people (50 long term Council beds); the Council has supported 700 admissions with the remainder having arranged their own care or they are being funded by another local authority (about 30%). At any one time there are vacancy rates of between 10% and 15%.
- 3.8 In addition to this over capacity in the market, the increasing effectiveness of community based interventions has maintained the rate of Council admissions to approximately 700 per year and, despite the increasing numbers of older people, we do not anticipate a significant increase in Council arranged placements. Delaware and Priory are the last remaining council owned and managed homes, the ownership of these homes means the council maintains the knowledge and expertise in the delivery of residential care services
- 3.9 The mid-term challenge for the Council is to manage capacity and costs; continue to improve the quality of care (In 2010, CQC rated 70% of Southend care homes as good or excellent – the Council had 1 good home and 1 excellent home); and achieve further savings to support the requirement to deliver a balanced budget.

#### **4. Delaware and Priory House Care Homes**

- 4.1 Delaware is a 24 bedded care home in Shoeburyness. The home offers good quality care and support to people with advanced dementia. Sadly, as the dementia progresses, some residents become the responsibility of the NHS and, at present, 10 places in Delaware are fully funded by the South Essex PCT cluster. As part of the 2012/13 efficiency savings the home has introduced cost reduction measures reducing the unit cost from £913.50 per week to £849.73 per week
- 4.2 Priory House is a 28 bedded care home in Prittlewell – 2 of these beds are for short term respite care. The home offers high quality care and support to people with high levels of physical frailty and some residents also have dementia. As with Delaware, the home made efficiency savings in 2012/13 reducing the unit cost from £814.59 per week to £774.97 per week.
- 4.3 Both homes provide good quality care to their residents and the staff are highly trusted and valued by family members. However, both homes are now ageing and have substantial maintenance and repair costs. The homes fall below the environmental standards required of newer, modern care homes.
- 4.4 Given the financial restraints upon the Council, both revenue and capital, and the vitality and quality of the Southend care market, it is considered that the time is right to initiate informal consultation about future options for the development of Delaware and Priory House. Potential options include:

##### Continue as now

This would require some capital investment to maintain and improve the physical environment and also a further review of staffing and other costs to bring the cost of care closer to that can be purchased in the independent sector

##### Alternative Ownership

The Council could consider alternative ownership arrangements for the homes ranging from a quasi-independent trading company, established by the Council; a trade sale to existing large scale care home providers; and/or establishing some form of social enterprise. Alternative ownership would allow external borrowing to modernise and extend the homes and, over time, could potentially result in lower operating costs.

This option would ultimately involve the transfer of the staff and the assets to a third party and this is an approach which has been adopted by a number of other local authorities. However there are risks to this model, not least the financial and contractual safeguards that would be required to make this attractive to the Council and to any potential 3<sup>rd</sup> party.

##### Re-provision and Modernisation

The Council could explore options for the re-provision and modernisation of one or both sites. Over time, the forecast is an increase in demand for dementia, nursing beds and extra care housing; and a reduction in the demand for

'residential only' care beds. This option would involve the temporary closure of one or both homes and therefore this would need sensitive management and extensive consultation.

Given the demands upon the Councils' capital budget, this option is unlikely to be viable without external funding streams.

#### Closure of 1 or both homes

The Council could consider the phased closure of 1 or both care homes. This would need to be managed sensitively and would require extensive consultation and careful planning to safely manage the process.

- 4.5 If Members of the Community Services and Culture Scrutiny Committee support the idea of an informal consultation exercise, Officers recommend that each of the options be evaluated upon:-

Deliverability: The ability to deliver within a reasonable timeframe.

Acceptability: To residents, staff, Members and the broader population of Southend.

Value for Money: The costs, benefits and value realised for all stakeholders.

Strategic Fit: How the option relates to the councils' strategic aims and objectives.

## **5. Corporate Implications**

### 5.1 Financial Implications

The agreed gross annual budgets for Delaware and Priory are £983k and £1,018m respectively. No provision has been made within the Capital programme for any significant works during this financial year.

The potential revenue and capital implications will vary as some options (Closure, Alternative Ownership, Re-provision) may generate a capital receipt and other options may require capital investment (Continue as now and potentially Alternative Ownership and Re-provision). Given the challenging financial circumstances, the Council would be seeking revenue savings across all options.

If the Community Services and Culture Scrutiny Committee supports a process of informal consultation, the financial implications of each of the options will be worked up in greater detail and reported back through the Member Task and Finish Panel.

### 5.2 Legal Implications

The Council has a duty under both the National Assistance Act (1948) and the NHS and Community Care Act (1991) to arrange residential care placements for older people who have been assessed as requiring this level of support.

The statutory Director of Adult Social Services also has a duty to 'manage the market' and improve standards throughout care sector.

### 5.3 People Implications

There are no direct implications for staffing as a consequence of informal consultation. Should the Council progress to formal consultation, the people implications will be set out in detail at that time.

### 5.4 Property Implications

There are no direct implications for the sites as a consequence of informal consultation. Should the Council progress to formal consultation, the building implications will be set out in detail at that time.

### 5.5 Consultation

At this stage, it is being proposed that informal consultation should commence on a number of potential options and it is anticipated consultation will commence in September 2012 for approximately 3 months.

Inevitably, this process will be sensitive and may cause anxiety for some residents and their relatives. Therefore Officers recommend that a Member Task and Finish Panel is established to oversee the informal consultation process. Assuming there is support, Officers will write to relatives explaining the nature of the informal consultation and how they will have an opportunity to contribute to the process.

If the outcome of this exercise suggests any significant change to the current service, formal consultation, within the meaning of the NHS and Community Care Act, will be required, and it is intended that this will be the subject of a Cabinet report.

### 5.6 Equalities and Diversity Implications

Should the Council progress to formal consultation, the equality and diversity implications will be set out in detail at that time.