

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for People
to
Cabinet

on

20 September 2016

Report prepared by: Sharon Houlden
Head of Adult Services and Housing

Capital Re-development of Delaware, Priory and Viking

People Scrutiny Committee
Executive Councillor: Councillor Lesley Salter

*Part 2 - Not for publication by virtue of paragraph 3 of
Part 1 of Schedule 12A to the Local Government Act 1972*

1. Purpose of Report

To present to Cabinet the outcome of the consideration of potential options for the capital re-development of Priory and Delaware Residential Care homes and the Viking Day Centre for people with a learning disability and determine preferred option(s) to take forward.

2. Recommendations

- 2.1 To note that the Strategic Outline Case (SOC) at **Appendix 1** has found that the preferred option is the re-development of the Viking Learning Disability Day Centre and the New Build of a 60 bed dual registered dementia care home on a single site (Priory).
- 2.2 To agree the preferred option(s) identified above should be subjected to a fully costed Outline Business Case (OBC) to be presented to Cabinet in February 2017.
- 2.3 To note that the Scheme will be financed by the Council with the Local Authority Trading Company, Southend Care, operating any new facility under a long term commercial lease from the Council.

3. Strategic Context and Background

- 3.1 The future of Priory and Delaware residential Care homes and the Viking Day Centre for People with a Learning Disability and their potential capital re-development has been the subject of debate and consideration for a number of years, during that time a variety of potential options have been considered
- 3.2 In July 2015 the architects ADP were appointed and completed their Feasibility Review. The preferred option identified was the redevelopment of Priory site. This option provided for a 60 bed dementia residential care home, Learning

Disability Day Care Centre (45 places) plus the provision of 52 Extra Care apartments. The preferred option was on the Priory House site plus the adjoining school site and allows for the existing care home to remain operational until the new facilities come on-stream. This development would take place in two phases with the care home, Day Care Centre and 16 Extra Care flats in the first phase and the remaining 36 Extra care Flats in Phase 2.

3.3 The Cabinet meeting held on 19 January 2016 agreed:

- That a fully costed proposal be developed for the creation of new care facilities on the Priory site to be operated by the LATC, including full details of funding and financing implications, given that the independent Site Feasibility Study, as set out in Appendix 4 of the report, has established there is a clear Business Case
- That the site Feasibility Study, which has demonstrated the feasibility of developing a dedicated dementia facility and re-provision of a learning disability day centre on the Priory House site, be noted and that officers be requested to develop fully costed proposals for submission to Cabinet later in the year.

3.4 These decisions were confirmed by Council on 25 February 2016.

3.5 The new political administration at a Member Briefing session held on 26 July 2016 agreed the following:

- Take the opportunity to reappraise / 'sense check' potential options;
- Consider potential alternative solution(s) to ensure:
 - Strategic fit
 - Meet future needs / demands
 - VFM / affordability
- Strategic Outline case (SOC) to September Cabinet
 - Identifies preferred option(s) – to be subject to Outline Business Case (OBC)

This Cabinet Report considers those potential options that should be taken forward for more detailed consideration.

4. Findings & Conclusions of Strategic Outline Case (SOC)

4.1. The SOC, following consideration of the existing facilities, need, demand and supply for these services, concluded the following:

- It is acknowledged that Viking is beyond its useful life and requires replacement for which capital funds have been identified.
- It is acknowledged that the built environments of Priory and Delaware Residential Care Homes are not viable in the medium term and will not meet user expectations.

- There remains an ongoing need for quality day care for people with a learning disability.
- There is an increasing need for dementia care with an increasing elderly population.
- There is limited supply of nursing care accommodation for people with dementia, as well as residential care able to cope with older people with severe dementia.
- Any consideration of investment in extra care housing needs to be done as part of the considered response to the current Sheltered Housing Review/Review of Housing Need of Older People. In order not to pre-empt the conclusions of that review, it was not felt expedient at this point to include extra care housing development as a feature of the recommended preferred option (option 3). This does not preclude the development of extra care as a future option; allowing us to concentrate on and expedite the development of the care home and day care facilities in the first instance.
- It is acknowledged that there is potential to expand and develop our successful “discharge to assess” residential reablement model (currently 6 beds at Priory House) to include community-based domiciliary provision. This could be delivered via the LATC’s new domiciliary care service. Potential commercial gains from this venture would be best realised by the re-provisioning of existing services on a single site as it would facilitate continuity of care between the residential unit and the community provision through use of the same staff group.

4.2 Clearly such developments will involve significant capital investment from the Council the estimated capital expenditure for each of the options is estimated as follows.

Ref	Option	Estimated Gross Capital Cost (£m)
1.	Do Nothing – Business As Usual	£2.0
2.	Priory Re-development 1: 60 Bed Dementia Residential Care Home plus Learning Disability Day Centre and 52 Extra Care Places	£23.0
3.	Priory Re-development 2: 60 Bed Dual Registered Dementia Care Home Residential plus Learning Disability Day Centre, both on Priory site.	£11.4
4.	Dual Site Development: 60 Bed Dual Registered Dementia Care Home on Priory site Plus Viking re-development on existing site	£10.8

- 4.3 Based on the non financial evaluation of the options the highest scoring two options are the redevelopment of the Viking Learning Disability Day Centre and the new build of a 60 bed dual registered (Residential and Nursing) care home either on a single site together (Priory) or two separate sites.
- 4.4 Clearly the taking forward of these options does not preclude future capital investment in Extra Care Housing in the Borough. However it is considered that the level, timing, nature and location of any future Extra Care housing be determined as a result of thoughtful consideration of the outcome of the recent Sheltered Housing Review.

5. Other Options

- 5.1 The Council could close both Delaware House and Priory House (subject to consultation, notice etc.) and then purchase care packages in the private sector, although the available number of places in private care homes in Southend is declining and alternative high level dementia care is extremely limited.

This option would result in a revenue saving and the Council would not have to incur capital costs. However it would mean that:

- The Council ceased all direct provision of residential elderly care;
- The Council would have little ability to influence the local care market;
- The Council would have less flexibility to respond to changes in the care regime;
- The opportunity to raise revenue would be lost;
- Existing residents would be subject to upheaval in moving to a new Care Home: and
- The Council would incur significant redundancy costs.

- 5.2 The Council could close one of the Care Homes and retain the other which would be refurbished to comply with mandatory standards.

This option would address some of the problems of closing both Care Homes as set out in 5.1. However it would require significant financial investment in the remaining Care Home. Also the costs of providing care would be higher than purchasing care packages in the private sector and there would be little opportunity for income generation.

- 5.3 A variation on either option 5.1 or 5.2 would be to sell either one or both of the Care Homes to a private sector Care Home company, rather than pursuing closure. Previous evaluation of this option identified little interest from the private sector given the condition of the properties. In fact rather than the Council obtaining a capital receipt, it would be obliged to pay a significant capital sum to the purchaser.

5.4 Another option would be to continue to run the two Care Homes and to invest at least £2m in capital costs for essential refurbishment. The problems with this option are:

- Affordability – the cost to the Council would be far higher than other options and in the current financial climate it is simply too expensive. Some 80% of Council provision is already made by purchasing packages in the private sector at some half of the cost.
- It is only storing up problems for the future. Further works will be required to the aging Care Homes and the Council will lack the necessary flexibility to address changing circumstances.

6. Reasons for Recommendations

To meet the objective of providing care to vulnerable residents of Southend in the most cost effective way and ensuring sufficient supply and access to appropriate and quality facilities.

7. Corporate Implications

7.1 Contribution to Council's Vision & Critical Priorities

The recommendations address Prosperous and Healthy Southend.

7.2 Financial Implications

There is no material financial implication as a direct result of the recommendations of this Cabinet Report. This Report effectively identifies the preferred option that ought to be subject to further consideration.

If the Council were to proceed, following consideration at the February 2017 Cabinet Meeting, with the preferred option it would need to enter into procurement contracts for design and build and new facilities and finance these capital developments. The level of capital investment is likely to be around £11.5 million. The exact level of investment would be determined through the development of the Outline Business Case (OBC) and ultimately the market testing of the procurement. The capital investment would be financed through a combination of borrowing and capital receipts generated through the sale of surplus sites.

The initial capital development will be financed by the Council and the Local Authority Trading Company (LATC), Southend Care, will operate any new facility under a long term commercial lease from the Council. As a result the revenue consequences of capital financing would be more than offset by the lease arrangements with the LATC.

7.3 Legal Implications

The Council has powers to provide the existing functions and services under the Care Act 2014 and to the extent the relevant provisions have not yet been repealed, under the National Assistance Act 1948, the National Health Service

and Community Care Act 1990, other related care legislation together with section 111 of the Local Government Act 1972.

7.4 People Implications

It is intended that these facilities will be operated by the LATC and as a result the staff working in these facilities will be direct employees of the Trading Company and not the Council. The LATC would effectively need to manage the workforce implications, including the potential re-location, of the development of new facilities based on the selected configuration.

7.5 Property Implications

If the Priory Site is redeveloped for a new Dementia Care Facility the Delaware and Viking (Avro) sites will become surplus to requirements and available for disposal generating a capital receipt. Optimal use of the Priory site would require the use of the adjoining school site. As such appropriate permissions will need to be obtained from the Department of Education to ensure its availability, this process has commenced.

Any Council properties, both existing and any new build, to be used by the LATC, will need to be subject to commercial lease agreements with the Council.

7.6 Consultation

Formal consultation would need to take place with service users and carers at Delaware, Priory and Viking with regard to any proposed relocation of services.

The consultation periods in respect of the above need to be reasonable to allow meaningful engagement, in practical terms that will effectively mean consultation periods of up to three months (13 weeks). These periods will need to be built into any project implementation timetable.

7.7 Equalities Impact Assessment

An Equality Analysis of the development of the LATC is already in place and under continuous review. This will be updated and be presented alongside the Outline Business Case for consideration by the February 2017 Cabinet meeting.

7.8 Risk Assessment

Inevitably in considering large scale new capital developments there are a number of risks. The key risks are summarised below.

- Potential delay in the new developments would have a detrimental impact on quality of Service user experience.
- Significant delay in development could have detrimental impact on the financial viability of the LATC.
- Gaining relevant planning consents and in particular permission to use adjacent school site at Priory.

7.9 Value for Money

Any contracts will be let in accordance with the Council's Contract Procedure Rules to ensure value for money is delivered.

7.10 Community Safety Implications

There are no community safety implications arising from the recommendations in this report.

7.11 Environmental Impact

The proposals will improve and better meet the needs of the clients and carers. Any new buildings will be subject to usual planning procedures.

8. Background Papers

- (a) Outcome of the review of the decision to close Priory house and re-develop Delaware House – Cabinet Report – 20 January 2015.
- (b) Outcome of the initial feasibility study for Delaware, Priory and Viking and the financial viability of the setting up of a Local Authority trading Company – Cabinet Report - 23 June 2015.
- (c) Establishment of a Local Authority Trading Company for Adult Social Care and site feasibility study for Delaware, Priory and Viking – Cabinet Report 19 January 2016
- (e) ADP Site Feasibility Study – New Day Care, Care home and Extra Care for SOSBC (Delaware, Priory and Viking Sites – July 2015.

9. Appendices

Appendix 1: Priory, Delaware & Viking Capital Re-development Strategic Outline Case (SOC) – August 2016