

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cllr Gerrish, Cabinet Member for Finance and Efficiency Cllr Pritchard, Cabinet Member for Care and Health	
MEETING/ DECISION DATE:	On or after 31st January 2017 (for Single Member decision)	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2886
TITLE:	Community Resource Centres Capital Grant Allocation	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: None		

1 THE ISSUE

1.1 This report sets out the rationale for requesting investment from the Social Care Capital Grant to upgrade and develop the three Community Resource Centres (CRCs) in Bath and North East Somerset, which currently provide 105 residential care beds. The proposed utilisation of the grant is in light of the development of a Full Business Case, which has explored the different options for the future model of care to be delivered within the CRCs to meet the changing needs of the population and, also, achieve a financially sustainable operating model. This Full Business Case was signed off on 13th January 2017 and is available if required.

1.2 The three CRCs currently provide residential care home beds across 3 sites at

- (1) Cleeve Court in Bath
- (2) Charlton House in Keynsham and
- (3) Combe Lea in Midsomer Norton.

1.3 The homes provide a mix of general residential care home beds and dementia residential beds under a block contract with Sirona Care and Health. In recent years, the occupancy of the general residential care beds has fallen, meaning that beds are being purchased elsewhere whilst the Council continues to fund beds within the CRCs under a block contract. Furthermore, since the CRCs opened in 2008, there have been a number of significant changes in terms of:

- (1) **Population need;** Greater numbers of people are living longer and being supported to live at home for longer. This means they are entering care homes at a later stage in life, often with more complex health needs and with conditions such as dementia. This is a positive change and is in line with national and Council/ Clinical Commissioning Group priorities to help people maintain their independence and live at home for longer. However, the residential care beds in the CRCs cannot manage the level of care needs required.
- (2) **The rising cost of delivering care;** The care home market is seeing a rise in agency costs locally and nationally which has put pressure on the staffing budgets for the CRCs. Increasing maintenance issues have also led to greater pressure on estates budgets. This means that any future options for the future of the CRCs need to be financially sustainable.
- (3) **A current fragility in the care home market;** Approximately 130 care home beds have closed in the past year within B&NES, leading to pressures within the whole health and care system and a rise in fees paid for placements. The Council and Clinical Commissioning Group play a key role in proactively shaping the care market and ensuring it is sustainable. Particular gaps in the market have been identified as nursing care, dementia care and high dependency residential care (eg for people who need 2 carers to transfer and typically need a higher staffing ratio within the home). There are a number of planned developments in the B&NES area but they are generally aimed at those who can fund their own care at the higher end of the market. This means that it is vital that the Council has access to affordable placements, maintains the number of placements currently available and can increase its ability to influence the market.

1.4 A number of options have been considered which are set out in detail in section 7. The preferred model is set out in full in section 6 and comprises:

- (1) Providing a new mix of beds to include general nursing beds, high dependency residential care, dementia residential and dementia nursing care.
- (2) This option will require additional nursing and care staff to meet the increasingly complex needs of residents. The staffing requirements have been rigorously scrutinised to ensure efficiency and also to meet CQC requirements. Section 6.3.1 on page 9 explains the revenue funding

requirements and how the increased staffing costs will be funded through Funded Nursing Care contributions (FNC).

- (3) Capital funding will also be required and this is set out in section 6.3.2 on page 11. This report requests approval to draw down funding from the remaining unallocated Social Care Capital Grant (£719k) within the Better Care Fund and to use this funding for equipment costs and internal adaptations.
- (4) Equipment costs of £165k have been submitted, scrutinised and rag-rated in order of priority.
- (5) The remaining sum of capital will enable the homes to be adapted to ensure that they deliver the required service. There are no external or structural works being considered at the outset of this project. A list of building adaptations, plans and requirements have been reviewed by Property Services who have confirmed that, taking into account the size and age of the properties (8 years) and the current maintenance history, it is reasonable to expect the costs to remain within the available capital budget and that the programme of building improvement work will be managed within the £700,000 envelope.
- (6) Other options for the future of the CRCs that have been considered and ruled out are set out in section 7 on page 12 and include:
 - a) Do nothing
 - b) Reconfigure the beds to offer reablement and/or decommission extra care sheltered housing
 - c) Closure of the CRCs.
- (7) The preferred option is recommended with its associated capital investment because it best meets changing population needs and quality requirements, is financially viable for the Council and the provider and delivers a sustainable future for the CRCs.

2 RECOMMENDATION

The Cabinet Members for Adult Care and Health and Finance and Efficiency are asked to:

- 2.1 Approve the request to allocate £700k of the Social Care Capital Grant funding to upgrade the CRCs and enable them to move to a new service model offering nursing beds, specialist dementia beds and high dependency residential care beds which are tailored to more complex needs.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 This report requests approval to allocate funds from the Social Care Capital Grant 2016-17. Up to £700,000 will be carried forward from 2016-17 to support the refurbishment of the three CRCs in Bath and North East Somerset.
- 3.2 The report also summarises the FBC in detail, including the revenue implications, for the proposed remodelling of the service provided within the CRCs and how these will be met. Further details are in section 6.3.1 on page 9.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Council has a statutory duty to meet the care and support needs of individuals eligible for support under the Care Act 2014. This includes complex needs that are best met within a care home setting.
- 4.2 The Council also has a duty under the Care Act 2014 to ensure market stability, development and to protect against provider failure. The investment into the 105 beds within the Community Resource Centres is important to ensure they are fit to meet current and future population need and, also, to secure the ongoing provision of 105 care home beds as an important part of the care market in Bath and North East Somerset.

5 THE REPORT

- 5.1 This section explains the background to the CRCs and the business case for redeveloping the three Community Resource Centres in Bath and North East Somerset to enable them to provide registered nursing care, high dependency residential care and specialist dementia care to the local population.
- 5.2 Sirona Care and Health currently provides 105 residential care home beds within the three CRCs. The CRCs are owned by the Council and leased to Sirona Care & Health. They were established as an important community asset by the Council in 2008 following extensive public consultation with service users, carers and staff and transferred under a block contract to Sirona Care and Health when it was established as a Community Interest Company in 2011. This block contract arrangement requires the Council to fund all beds in the three care homes regardless of levels of occupancy.
- 5.3 Since 2008, the needs of residents across B&NES have changed and this combined with the current block contract arrangement and reducing levels of occupancy means that the current model is no longer viable. This section of the report sets out the rationale for changing the offer within the three care homes to

a model that is modern, fit for purpose and designed to meet the changing needs of the local population.

5.4 The beds within the homes are currently provided as follows in table 1 below.

Table 1

Home	Current
Cleeve Court, Bath	20 General Residential 25 Complex Dementia residential
Charlton House, Keynsham	15 Complex Dementia Residential 15 General Residential
Combe Lea, Midsomer Norton	15 Complex Dementia Residential 15 General Residential

5.5 Since the CRCs opened in 2008, there have been significant changes in terms of:

5.5.1 Population need and growth

During the last 8 years since the CRCs have been in operation, the population in B&NES has been undergoing significant change. This change is set to continue in coming years with the Joint Strategic Needs Assessment (JSNA) indicating that there will be a 12% rise in the population to 199,100 by 2037 with the number of over 75 year olds set to increase by 75%.

Many people are living longer, but with multiple health and care needs. It is estimated that 50% of the population will suffer from two or more chronic conditions by the age of 60, and 80% of the population will have 2 or more chronic conditions by the time they are over the age of 85. It is also estimated that 45% of people over the age of 85 will have 4 or more chronic conditions. These increased levels of co-morbidity represent a greater challenge to providing safe high quality health and social care. People will be also be living with increasing levels of physical frailty.

In terms of people diagnosed with dementia, if national current trends continue, the number of people with dementia in the UK is forecast to increase to 1,142,677 by 2025 and 2,092,945 by 2051, a projected increase of 40% to the period 2025 and 156% by 2051.

5.5.2 A growing focus on maintaining people at home which has resulted in an increasing dependency of individuals when entering care homes

The Council's Corporate Strategy 2016-2020 clearly sets out a priority to help people to remain as independent as possible. The increased focus on maintaining people at home for longer, through interventions such as reablement and new technology, has led to decreasing demand for standard residential care beds offering personal care only. Generally, people are tending to be supported at home, or in extra care sheltered housing settings which offer purpose-built accommodation with personal care provided as well. This means that people are then able to delay moving into care homes until later in life but their needs are then generally much greater and more complex.

This growing national and local trend means that the general residential beds within the CRCs have been occupied less, leading to a greater cost overall to the Council which has funded voids within the CRCs' block contract whilst also purchasing additional beds within the private market in order to meet the assessed needs of individuals in fulfilment of the Council's statutory obligations. In the short term, these empty beds have been used for reablement beds and offering short break respite stays, however occupancy has consistently been as low as 80% in the last 2 years.

It is clear that a model which caters for more complex personal and nursing needs is required. The occupancy levels within the 55 current specialist dementia beds have not seen such a high level of voids, but the homes have reflected that specialist nursing needs cannot be met within the current registration and there is a growing need to support people who have both dementia and nursing care needs that require the care of a registered nurse.

5.5.3 Rising cost of delivering care

There are considerable pressures within the care market in terms of recruitment and retention of staff. In particular, the rise in reliance on agency staffing nationally as a proportion of overall staff costs has risen from 4.8% in 2013-2014 to 5.8% in 2014-15 reflecting the growing difficulties with staff recruitment and retention. This trend is reflected locally as well. Therefore it is critical to the sustainability of the CRCs that any future option for the delivery of services ensures financial viability for both the provider and the Council as the commissioner.

5.5.4 A current fragility in the care market

A number of small and medium sized providers have closed care homes in Bath and North East Somerset in 2016, resulting in the loss of circa 8% of the total care home bed stock in the last 9 months (98 nursing beds, 25 residential and 10 dementia residential beds). This has caused difficulties in maintaining good patient flow through acute and community services as demand for nursing care has continued, with fewer beds available overall in the B&NES area. This has led to individuals being placed across the borders into care homes in neighbouring counties including Somerset and North Somerset.

As a result of this lack of capacity, the pressure on demand for beds has resulted in a significant increase in the fees required to secure individual placements and meet the Council's statutory responsibilities under the Care Act. Fee increases are the subject of a 'Fair Price of Care' exercise which aims to engage with care providers; establish the cost of providing care in an open and transparent way; ensure best value; and improve the sustainability of provision in the longer term. This issue highlights the importance of Council and CCG commissioners proactively shaping the care and support market in a way that balances the need to make best use of public resource in meeting the Council and CCG's statutory responsibility whilst also having a strong and sustainable local market.

Particular gaps within the current market have been identified as high dependency residential care beds, general nursing beds and specialist dementia provision and these will go forward into the forthcoming Market Position Statement.

There is a considerable amount of planned development within the residential and nursing home sector in B&NES which will, in due course, increase the capacity and level of competition within the market. These include a major development on the Somerdale site in Keynsham which will see a 90 bedded care home opening in autumn 2017 and recent planning permission granted for further homes and extra care developments in Midsummer Norton and Bath. This includes 72 Extra Care Sheltered Housing units at the Endsleigh site at Lansdown in Bath.

However, much of this new provision is designed to a very high (hotel-like) specification, aimed at attracting those with the means to fund their own care and support needs and may not be affordable to the Council. This means that it is vital that the Council has access to affordable placements with greater control over fees going forward and ability to influence the market. It will also require the CRCs to be good value and provide an attractive employment opportunity to support the retention and recruitment of staff.

5.6 Following a detailed process to review options, the preferred option is to move to a service model offering a range of care home beds tailored to individuals with more complex needs. This will include specialist dementia beds, nursing beds and high dependency residential care beds, delivered by Sirona Care and Health and is explained in detail in section 6. This option will require capital investment and the Social Care Capital Grant has been identified to fund this capital investment. This is explained in detail in section 6.3.2.

6 RATIONALE

All options have been proposed and considered by CCG and Council officers in relation to overall strategy, future need and affordability. The preferred option, which has been signed off through the full business case for the CRCs, would see the following provided:

- Cleeve Court (45 dementia residential beds)
- Combe Lea (15 dementia nursing and 15 dementia residential beds)
- Charlton House (10 high dependency residential and 15 general nursing beds)

Table 2 below shows the changes this will bring.

Table 2

Home	Current	Proposed
Cleeve Court	20 General Residential 25 Complex Dementia residential	20 Dementia Residential 25 Complex Dementia Residential
Charlton House	15 Complex Dementia Residential 15 General Residential	20 General Nursing 10 High Dependency Residential
Combe Lea	15 Complex Dementia Residential 15 General Residential	15 Dementia Nursing 15 Dementia Residential

6.1 Meeting Population Needs

This option is the closest match to the population changes facing the people of B&NES and the growing need to support people at home for as long as possible. Recent analysis undertaken with the CCG has also highlighted the need for a new category of care provision – that of residential high dependency, which offers support for people with a higher level of personal care needs who do not need the support of a registered nurse. The reconfiguration of the CRCs gives an ideal opportunity to offer this type of provision whilst also offering flexibility in the future to increase the number of nursing beds should this be required.

Supporting more people at home for longer also means that more general nursing placements are required going forward as people enter long term care when their needs are higher. Given the prevalence of dementia, a higher number of placements offering specialist dementia support and trained staff are also required. This option offers access to these 3 key types of bed provision, therefore supporting the direction of travel for care homes and the needs of the population going forward.

6.2 Quality and Innovation

The 3 CRCs have maintained good CQC recent inspections with both Charlton House and Cleeve Court rated good for their recent inspections in Oct 2015 and October 2016 respectively. Combe Lea was also inspected in October 2016 and was rated good for caring but requires improvement for the remainder of the inspected areas. However, overall, the CRCs represent good quality care and are highly regarded by professionals within the B&NES locality. An example of this approach to quality is the recent Dementia Matters National Butterfly Accreditation awarded to Cleeve Court. The whole team from carers to admin staff have been trained in specialist dementia care and to work in partnership with the individual residents. Dementia Matters has found that homes that have adopted the approaches have reported a substantial reduction in people showing signs of stress, challenging behaviour or negative feelings as well as a reduction in the overall number of falls.

6.3 Investment Required

6.3.1 Revenue Funding

The changes to the beds across the 3 CRCs will require additional nursing staff for both Combe Lea and Charlton House, additional care staff to support residents with dementia and a change from sleeping to waking night staff to meet the increased complexity and dependency of residents. The staffing requirements have been rigorously scrutinised to ensure that they are appropriate, meet CQC requirements and are in proportion to the requirements of the new service.

The net increased revenue cost per year to the provider is £340,259 between the current and proposed staffing models.

These costs will be mitigated through

- NHS free Funded Nursing Care contributions at an estimated £386,977 (95% Occupancy) per year¹ and
- Higher bed occupancy which will improve bed utilisation, leading to more cost effective provision overall and fewer private placements made due to lack of alternative provision.

In the short term, there is no expected change to the remaining costs associated with running the three CRCs which include

- Maintenance; and
- Pay and non-pay costs for catering and domestic staff.

There is an opportunity to offer placements to self-funding residents, however modelling has suggested that at this time, it would not prove to be of net gain to incorporate beds for self-funders into the model, as it would mean purchasing an equivalent bed in the private sector to replace any beds occupied by self-funders.

However, the Council remains open to this option and would accept self-funding residents to ensure the 3 homes remained occupied and to make the most efficient use of the resource.

6.3.2 Capital Funding

The proposal will require capital funding in order to prepare the three homes for delivery of the new service model. This source of funding has been identified from the uncommitted balance of the Social Care Capital Grant and approval is sought to draw this down during 2017-18.

Equipment costs of £165,265 have been submitted by Sirona Care and Health, to include installation of telecare and all equipment requirements (ceiling track hoists for example). These have been reviewed by Commissioning Officers and have also been rag-rated by Sirona to confirm which are must-dos and critical to the delivery of the service and which would enhance delivery but are not essential.

The remaining sum of capital will enable the homes to be adapted not only for residents with bariatric needs (who are suffering from obesity) but also those with nursing needs and dementia where alterations and adaptations of the ~~building are required~~ to ensure the three homes deliver the required service.

¹ An increase from £112 - £156 in the weekly rate for Funded Nursing Care was agreed by the Department of Health in summer 2016. The Department of Health has stated that this will be reviewed in January 2017 but this is felt to be of low risk because of the risk because of the increasing costs in recruiting and retaining trained nurses generally and nursing home market sustainability that would be affected if this payment were reduced again.

There are no external or structural works being considered at the outset of this project.

A list of building adaptations, plans and requirements have been submitted by Sirona and reviewed by Property Services. This has been considered alongside a number of priority areas which will subject to detailed survey and estimates. In order of priority, these are:

1. Ensuring the buildings are wind and water tight
2. Addressing any wear and tear issues
3. Addressing any ongoing frequent repairs
4. Cosmetic updates to the buildings.

The priority areas have been reviewed by Property Services who have confirmed that, taking into account the size and age of the properties (8 years) and the current maintenance history, it is reasonable to expect these costs to remain within the available capital budget. Addressing ongoing repairs (to washing machines for example) and cosmetic updates to the buildings are medium priority but are not necessary to the reconfiguration of the service and these can be delayed or withdrawn altogether.

After taking into account the equipment costs above and the priority building adaptations required, Property Services have confirmed that the programme of building improvement work will be managed within the £700,000 envelope.

Table 3 shows the balance of the Social Care Capital Grant. This proposal is within the grant conditions and will help meet national conditions set out in the Better Care Fund plan 2016-17 and its corresponding guidance.

Table 3:

BCF Social Care Capital closing 15/16 balance	£1,026,334
Liquid Logic 2016/17 requirements	(£306,832)
2016/17 Uncommitted Balance	£719,502

7 OTHER OPTIONS CONSIDERED

7.2 The following options were ruled out due to financial factors, efficiency, quality or for their fit with the current or future population needs. A summary is provided for each option which are considered in more detail in the Full Business Case.

7.2.1 Do Nothing

For all of the reasons set out in Section 5.5, doing nothing will not be the preferred option.

If the service model is not changed, the high proportion of standard residential beds within the CRCs will lead to increasing numbers of empty beds in the long term. Under a block contract arrangement, the Council is still funding the beds, even if they are empty. People funded by the Council are also subject to means-tested contributions and this valuable income would also be reduced if the beds continue to remain empty which is a financial risk to the Council. Furthermore, placements will be made in the private sector, leading to double costs being incurred whilst beds remain empty within the CRCs.

As noted in section 5.5, as a consequence of demographic change demand is increasing. There is, in particular, a growing need for nursing beds. These beds cost on average £36.5k per annum. The Council has recognised the combined financial impact of demand pressures and implementation of the National Living Wage through the decision to apply the 2% social care precept. However, the combined effect of demographic change and a challenged care market is likely to continue to impact in coming years with the associated budgetary pressures increasing in coming years. It is necessary, in this context, to implement a new service and contracting model in order to meet need and, also, achieve the necessary financial stability. This does need to incorporate alternative/additional income streams. The funding for the CRCs has also not increased within the last 5 years, whilst staffing costs and estates costs have risen. Again, a new service and financial model is critical to the future success and sustainability of the CRCs.

Conclusion: The Council recognises that the current care home beds no longer meet the changing needs of the local population and as a result of this, is under-occupied and generating lower levels of income than is necessary to be financially viable. This option is not financially sustainable for either Sirona or for the Council in the short or long term and does not represent best use of public resources.

7.2.2 Reconfigure beds to offer Reablement provision and/or decommissioning Extra Care Housing

An option to reconfigure the current CRCs to offer 15 reablement 'step-down' beds and to use current extra care housing on the same site as the CRCs to offer additional care home beds was proposed but discounted. The rationale for considering additional reablement beds as an option was to reduce the financial investment required from the Council by using bedded capacity in the CRCs to provide a year round increase in NHS funded rehabilitation beds. This would have enhanced the 59 beds that are available within the two community hospitals in B&NES which are currently the only step-down bedded capacity to support the RUH patient flow within B&NES. However, the recent delivery of ten CRC beds providing reablement during 2015-16 saw very low occupancy rates at only 59% and therefore this option was discounted as not best value or use of the CRCs. Occupancy rates were low because the service was staffed for people with a lower level of need, whereas many people who would have benefited from the reablement beds needed a higher level of support from staff on a day to day basis (for example needing 2 carers to help them get up and out of bed).

The second element of this option offered the potential to secure economies of scale by creating additional care home capacity through the conversion of some of the extra care capacity in the CRCs into nursing home beds. This option was excluded due to the long lease arrangements with the current leaseholders of extra care and the increasing demand for extra care capacity within B&NES as an alternative to residential care. This option would also incur significant capital costs whilst also losing capacity within the extra care market.

Conclusion: These options are not supported as they do not offer maximum gain or usage, and also Extra Care Sheltered Housing provision is widely encouraged as an alternative option to long term care and is likely to expand over time, not reduce. Therefore this option would not support the long term strategic direction for the Council, would require significant financial investment and would lead to a loss of extra care provision.

7.2.3 Closure of the three CRCs

A third option would be to close the three CRCs and purchase beds elsewhere across B&NES.

In the event of closure the Council would need to consider the impact on current residents and also the availability of beds in the independent care market in B&NES. Since the beginning of 2016, a total of 98 nursing beds, 25 residential and 10 residential dementia beds have closed. This has put significant pressure on the supply of beds across the area with an average of 25 nursing beds (with approximately one-third of these registered for dementia) and 19 residential beds available each week. Not only has this reduced choice and supply but it also impacting on patients being discharged

from hospital with an increase in the numbers delayed waiting for care home beds.

The loss of beds has also increased prices overall in B&NES as choice and negotiation over alternatives has reduced and demand has led to increased prices, this is a market condition that has limited effect on the CRCs, as the Council has more control over both the bed-mix and fee levels.

To close a further 105 beds would mean that the Council would need to find replacement beds voluntarily for a group of vulnerable adults in a market where there are only approximately 40 beds per week available.

Furthermore, the Council would not be exercising its duty under the Care Act to manage the market effectively and ensure enough provision is available to meet population needs. This would be a very high risk option for the Council and for the needs of the local population if provision were not available elsewhere.

Conclusion: This option is not supported due to the significant risk to the residents of the 3 CRCs, the loss of beds within the current market and the increased costs of re-providing beds elsewhere.

8 CONSULTATION

The following colleagues were part of the scoping and development of options presented:

- Head of Management Accounts
- Group Accountant, B&NES Council
- Strategic Finance Business Partner, Joint Commissioning
- Director of Care and Health Commissioning
- Sirona Care & Health
- Avon and Wiltshire Mental Health Partnership NHS Trust
- Commissioning and Contracts Officers
- Staff and managers working within the three Community Resource Centres
- Senior Estates Surveyor, B&NES Council
- Head of Property Services, B&NES Council
- South West Commissioning Support
- Head of Strategic Procurement, B&NES Council
- Your Care Your Way Programme Manager, BaNES CCG
- Head of Legal & Democratic Services
- Legal Services Manager, B&NES Council

8.2 Consultation with residents and their family members will be ongoing as the new model is put in place.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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Background papers	<i>Community Resource Centres Full Business Case – available by contacting Caroline Holmes</i>
Please contact the report author if you need to access this report in an alternative format	