



Specialist Dementia Care Scheme Development

Decision to be taken by: Cllr Palmer

Decision to be taken on: 21st September 2015

Lead Director: Tracie Rees

Useful information

- Ward(s) affected: All
- Report author: Justin Hammond
- Author contact details: 372306
- Report version number plus Code No from Report Tracking Database:

1. Purpose of report

- 1.1 The purpose of this report is to seek approval from the Executive to approve the release of the policy provision capital monies of £1.8m allocated to Adult Social Care (ASC) for 2015/16 to procure a specialist dementia care scheme in conjunction with partners.
- 1.2 This new approach would deliver a centre of excellence for dementia care within the city and consequently drive up standards and diversify the provider market.
- 1.3 Subject to Executive approval of point 1.1, to agree for the procurement exercise to be added to the Procurement Plan.

2. Summary

- 2.1 Policy provision capital monies of £1.8m were allocated to ASC for 2015/16 to develop a residential dementia care scheme in partnership with another organisation/s.
- 2.2 Although, ASC seeks to support people to live independently in the community, there will always be a need for residential care. With an ageing population and increasing numbers of people living longer with dementia consideration needs to be given to looking at cost effect opportunities to develop specialist dementia services.
- 2.3 A soft market testing exercise was used to ascertain the viability of the following approach: to offer land and capital money to build and run a specialist dementia care scheme, in return for the Council receiving up to 50% nomination rights into perpetuity. Further to this, the cost of the service would have to be delivered within LCC residential care home 'Banded Rate 5', which is currently £436 (Highly Dependent Older Person/Physical Disability and nursing) with no option for additional top-ups. On average the council pays £120 per week per person for additional top-ups, so for 30 people this would generate an annual saving of approximately £187,200.
- 2.4 Since the soft market testing exercise discussions with legal services about the approach to securing the scheme has led to slight alterations to the proposals which the soft market testing put forward. Rather than offering the transfer of the freehold of the land to the partner it has been proposed that a long leasehold be granted, with the actual length to be decided, but of a sufficient length to allow borrowing against it and make it commercially acceptable.

- 2.5 The soft market testing exercise has shown there is interest from a range of providers to enter into a partnership arrangement with the Council to develop a specialist dementia care scheme. However, only a full procurement exercise will determine if the proposal is viable. Therefore, it is necessary to add the procurement exercise to the Procurement Plan.
- 2.6 This new approach would deliver a centre of excellence for dementia care within the city and consequently drive up standards and diversify the provider market.

3. Recommendations

3.1 The Executive is asked to

- A) To approve the release of the policy provision monies to procure a specialist dementia care scheme; and
- B) Approve that the Specialist Dementia Care scheme be added to the Procurement Plan.

4. Report/Supporting information including options considered:

- 4.1 As the population in the City grows older and people are living longer, there will be an increased number of people with a dementia. It is estimated that by 2025 the number of people with a dementia will have increased from 3000 to 3600.
- 4.2 Whilst many people will live at home for as long as possible with community based support, such as home care, assistive technology and adaptations, there will be a need for residential care, especially for people with severe dementia, where it is not safe for them to remain at home.
- 4.3 The capital allocation of £1.8m and the granting of a long leasehold Council land for the development will form part of the package offered to the market in the procurement of the scheme in order to support the construction of the 60 bed residential care scheme for older people with a dementia.
- 4.4 The total anticipated cost of the build would be approximately £6 million. The £1.8m capital allocation will be provided towards the construction costs by the Council with the remaining £4.2 million being funded by the successful partner organisation.
- 4.5 In return for the capital and property investment the Council will secure the development of a facility on its land, secure by contract the effective management of the service and reserve nomination rights to 50% of the bed spaces to people funded by ASC at the banded rate with no 'top up' fees for the term of the service agreement/leasehold agreement.
- 4.6 With the disposal of the Council's Elderly Persons Homes, the development of a 60 bed residential scheme will create more capacity and sustainability in the market. Although, the Council will have the use of the Intermediate Care facility that is

currently being built, this type of partnership arrangement may be useful to assist, if a problem or home failure occurred in the wholly independent sector.

4.7 As the Council moves away from the direct provision of residential care homes, this type of arrangement would support the development of improved partnership working with the local market and support the setting of care standards, as the Council would have a degree of control/expectation through the service contract with the provider, whilst not retaining responsibility for the property or running of the service on a day to day basis during the contract.

4.8 If this model works well, it could be the template for future partnership arrangements to help sustain the market and manage the fees paid to the independent sector, so it has further potential cost savings implications for the Council.

4.9 A soft market testing exercise took place during March 2015 to ascertain the market interest in the proposal and gather feedback or suggestions for improvements. An email was sent to 53 local and national providers of residential dementia care and 10 Residential Social Landlord's (RSL's), of which 6 organisations (2 RSL's & 4 providers) submitted written responses.

4.10 Outcomes of the exercise showed that there was support for the approach of providing capital money and land on a lease basis, and organisations welcomed the opportunity to develop a specialist scheme. General concern was expressed about the level of the banded rates paid by the Council for this type of care, as they are perceived to be low. Despite this, however, 5 responding providers said that they would be interested in submitting a tender if the service were to be procured.

4.11 Whilst the soft market testing exercise has shown the scheme is viable, only a full procurement exercise will determine if the scheme can be developed.

4.12 The procurement exercise will be a Restrictive Procedure, the draft timetable is:

- PQQ mid-July (30days)
- ITT Beginning Sep (40 days)
- Award contract November

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 There are no financial implications arising from this report as it is seeking the release of £1.8m capital funds are allocated, as policy provision, to ASC for 2015/16 to develop a residential Dementia Care scheme and for the scheme to be added to the corporate procurement plan.

Rohit Rughani Principal Accountant, Ext 374003

5.2 Legal implications

5.2.1 In terms of implications arising directly from the report, the £1.8m capital expenditure must be specifically secured in any resulting agreement for use only towards the capital element of the project and not towards service provision.

5.2.2 Following discussions with officers the final form of agreement has been discussed. It is intended to approach the market offering the capital investment and a long lease of the land seeking the construction of the facility and future management of the site, with 50% of the beds secured for use by the Council, subject to conditions. There would a contract which would cover:

- the use of the capital fund
- the construction of the facility
- the lease to be granted
- the service provision (i.e. the running of the facility and the provision of spaces) on behalf of the council

5.2.3 The lease would be tied to the service provision, allowing the Council to retain a level of control over the management of the facility and meaning through the obligations within the agreement.

5.2.4 On-going advice will need to be sought throughout the project from the Property & Contracts teams.

5.2.5 Procurement will be over the EU levels and therefore will need to be an OJEU compliant procurement.

Emma Horton – Principal Solicitor 371426

5.2.6 With regard to the proposed lease, the grant of this will be subject to the Council's obligations to obtain the best consideration reasonably obtainable in the circumstances, in accordance with s.123 of the Local Government Act 1972 (as amended). The disposal should also be in accordance with the Council's Framework for Property Disposals adopted in 2003. Disposal by way of open marketing (which in this situation would include and OJEU compliant procurement) would be an appropriate method of demonstrating that the Council's obligation has been discharged.

5.2.7 As explained in 5.2.2.above, the terms of the lease should ensure service provision and the use of the site for the purposes of the project, and for the purposes of protecting the Council's freehold interest. It is further recommended that the relevant "due diligence" investigations into the Council's title to the proposed lease area are made at an early stage in order to ensure that any potential issues or restrictions on tile are identified. Officers in Legal Services will continue to provide advice and support during the course of this project.

John McIvor, Supervisory Legal Executive, 37-1409

5.3 Climate Change and Carbon Reduction implications

5.3.1 The development of a 60 bed residential care scheme for older people with dementia will fall into the category of major developments. The Code for Sustainable Homes has now been abolished by the government; instead building regulations will be set at an equivalent level of Code Level 4. Planning Policy BE16 which requires onsite renewables for major developments, and CS2 incorporating sustainable urban drainage (SUDS) and other requirements relevant to climate change, will still apply if the development is to be built before the new zero carbon homes policy comes into force in late 2016. The CS2 will be retained after the new regulations come into effect, but will be reformatted as policies in the new Local Plan.

5.3.2 As LCC will be working in partnership with other organisations to provide the service, the Council will have some influence over the energy use in the building. Residential care homes are renowned for being large consumers of energy, particularly in the heating of these buildings. Therefore the new development will inevitably have a significant increase on city wide emissions, and therefore it is important that the development meets the specified environmental standards, and that advice is given to users of the building to minimise the operational emissions.

Louise Buckley, Senior Environmental Consultant (Climate Change), 372 293

5.4 Equalities Implications

5.4.1 The proposal will enable the council to provide and promote specialist dementia care provision for those no longer able to be safe in their own homes that will maintain their quality of life and personal independence and social engagement for as long as possible in a secure residential setting. Such an approach promotes key aims of our Public Sector Equality Duty: equality of opportunity (in this case continuing to live as independently as possible) and fostering good relations between people (in this case by promoting social contacts and membership of a community). The protected characteristics of future service users are age and disability.

Irene Kszyk, Corporate Equalities Lead, ext 374147.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

6. Background information and other papers: None

7. Summary of appendices: None

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

No

10. If a key decision please explain reason