

Executive Decision Report

Kingfisher Unit: Future Options

Decision to be taken by: Cllr Rory Palmer
Decision to be taken on: 26th October 2016
Lead director: Steven Forbes



City Mayor

Useful information

- Ward(s) affected: all
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- Report version number: 1.2

1. Summary

The purpose of this report is to seek Lead Member confirmation of the preferred way forward for the delivery of intermediate and short term care, currently provided in part via the Kingfisher Unit.

The Kingfisher Unit merged with Brookside Court in January 2016 creating 37 beds. Its aim was to provide short-term intermediate care support, for a maximum of six weeks, for individuals to re-gain lost skills to return home with improved levels of independence, thereby minimising their need for ongoing social care support. It also offered respite and assessment short stays.

Officers have reviewed business activity and performance at the Kingfisher Unit and believe, in the light of the outcomes achieved and the costs of the service, that it is not viable to continue to provide the service in the same way. In view of this, maintaining the status quo is not presented as an option within this report.

There are two options. The first option is to close the Kingfisher Unit and the second option is to sell the Kingfisher Unit as a residential care business. Both would deliver savings to contribute towards the required reductions in expenditure given the cuts faced by the council.

2. Recommendations

ASC Scrutiny Commission is asked to note the options appraisal, the preferred option and make any comments.

The Lead Member is asked to consider the implementation of the preferred option:

Option 1, to close the Kingfisher Unit and purchase up to 10-12 short-term beds from current providers in the local market.

3. Supporting information including options considered:

- 3.1 The future of the Intermediate Care Unit has been under review following its relocation to the Kingfisher Unit, from Brookside Court. This took place as part of the wider work on the Elderly Persons homes and in tandem with the decision to not pursue a new build unit. A political commitment to review the provision and determine the future arrangements for Intermediate Care was made.
- 3.2 Officers have reviewed the performance and activity of the Kingfisher Unit since January 2016 (See Appendix 1). Evidence shows that whilst providing short-term bed provision for both hospital and community referrals, the intended user outcomes of the service are not as positive as for those customers using community based reablement services.
- Work on analysis of demand (see Appendix 1) shows that the service is not primarily responding to a need for intermediate care but a greater demand for short-term assessment beds.
- 3.3 The Kingfisher Unit accepts customers with different levels of need and responds to these needs within a residential care home environment. The Kingfisher Unit does not provide 24/7 nursing care and is statute barred from doing so.
- 3.4 For some customers, a short stay in the Kingfisher Unit, and in some instances the input of visiting health professionals, has enabled people to remain independent for longer. However, as the data shows, it is not possible for all customers to become independent or return home with a package of care.
- 3.5 The annual gross cost of running the Kingfisher Unit is £1.35m. The current average occupancy of the unit is 57% (21 out of the 37 beds), giving an average unit cost of £1,240 per person per week. Occupancy levels for this type of service will always be lower than for standard residential care, but even if occupancy was to be raised to 75% the unit cost would be £940 per week.
- 3.6. Reablement stays of up to 6 weeks and Interim /Assessment stays are provided free of charge to the service user. Service users are charged for Reablement stays beyond 6 weeks and for other short-term residential care. Charges are means tested, and although the maximum amount a service user can pay is £449 per week the typical charge is much lower.
- 3.7 If the council were to commission beds from the independent sector, the current cost to the council for an older person with high dependency/ physical disabilities bed is £475 per week and a residential nursing bed is £463 per week. The council doesn't currently commission intermediate beds or specifically designated assessment beds.
- 3.8 However, Leicester City Clinical Commissioning Group also commissions intermediate care beds, which do provide nursing care, from several sources. This includes the Evington Centre, a nursing led service which has 40 beds; a virtual beds scheme where people are cared for in their own home with regular daily nursing care (staff allocated for 60 virtual beds); a discharge to assess

beds scheme where 10-12 beds are available from the Independent Sector for people who are not ready to be assessed but do not require acute beds; and for people with non-weight bearing care requirements, beds are commissioned from the Independent Sector when needed, which averages monthly 11-17 patients.

3.9 In summary the council cannot sustain the service model currently provided. Demand modelling does however show that the council needs to purchase around 10-12 short-term residential beds, which can be rapidly accessed.

3.10 Options Appraisal for the Kingfisher Unit

Option 1: Close the Kingfisher Unit, purchase up to 10 -12 beds and sell the building

Option 1 is to close the Kingfisher Unit and sell the building, which would result in staff reductions and a capital receipt. Closing the Kingfisher unit and selling the building would save £500k by 2018/19.

Consultation with service users would not be required as there are no permanent residents, although staff consultation is required. Market data shows there is sufficient capacity in the market to meet need for short-term beds. The average number of weekly vacancies/beds available in older people's residential homes and nursing care was 108.84 in the year 2015/2016. However, to guarantee rapid access to short stay, beds would have to be block purchased from current providers.

With regard to the small number of intermediate care beds (those currently with therapy provision from LPT), whilst it is possible to engage in a procurement for such beds, the outcomes for people who have genuine independence goals is better if that care is provided in their own home. Furthermore, the market is untested.

Thus it is proposed that the future delivery of intermediate care is solely a community based service, with any night care being commissioned from existing domiciliary care providers to wrap around the reablement offer, if that level of intensity is initially required in the home environment. It is anticipated that this would be required only for a very small number of people. Therefore the purchase of beds would be for 'straightforward' residential care, whether for a period of assessment or for another short term reason. It should be noted that the CCG are currently procuring health rehab beds so people with nursing care needs should be accessing this service for their rehabilitation period.

For realising savings this option is quicker than option 2 as it would take 9 months to close the Kingfisher Unit and sell the building but 15 months to sell it as a residential care business. It also provides almost double the on-going savings.

Closing the Kingfisher Unit would have a high impact on the workforce with potential redundancies. Furthermore, should the Kingfisher Unit revert to residential care for the elderly there is a potential for a legal challenge albeit a low risk, from former Preston Lodge staff of unfair dismissal, although this risk will reduce over time.

Timeline for implementation

Prepare business case, detailed project plan for procurement of beds, staffing review	Jan 17 –Apr 17, 3 months
Carry out review, carry out procurement	May 17 – Nov 17, 6 months
Sell building	Dec 17
Earliest project start date:	Jan 2017

Option 2: Sell the Kingfisher Unit as a residential care business to an Independent Sector Provider and commission purchase up to 10-12 short term residential beds as part of transfer

Option 2 is to sell the Kingfisher Unit as a residential care business to an independent sector provider and commission short-term residential beds. The main driver for the proposal to sell the service as a residential care business is good quality short-term assessment beds can be commissioned for less money in the independent sector. Unit costs for in-house services are substantially higher.

There are some risks to the feasibility of this option.

It is likely to be difficult for providers to turn the business into a profitable concern. This is because there are no permanent residents in the King Fisher Unit providing a reliable income stream.

Even if the council were to purchase up to 12 short term beds, this leaves 25 beds that the provider would need to fill.

The experience of the EPH sales showed us that providers will expect the guaranteed income of permanent residents at the point of transfer.

Whilst the council could conduct a soft market testing exercise to determine the level of interest in transferring the Unit, it should be noted that not only is this likely to be difficult but this option will not achieve the required level of savings.

This route does present a challenge to previous narrative (as part of the EPH transfer debate) where advice has been provided on the disadvantage to both long and short term residents from having a mixed use building. This would need to be considered if the Council were to purchase a large block of short term beds within a longer term unit. Whilst most homes will have a number of short term users in situ, for example for respite care, where short term care is provided at scale (comparative to the overall unit size), it can alter the feel of a unit.

Similarly to option 1, there is a potential, albeit low, of unfair dismissal from former Preston Lodge staff who could argue that introducing permanent residents back into the Kingfisher Unit could be challenged as reverting it back to an EPH, thereby no redundancy was necessary.

Selling the Kingfisher Unit as a residential care business would achieve a saving

of £250k by 2020/21, which is significantly less than option 1 and it would take longer to realise this saving than if we were to close the Kingfisher Unit and sell the building.

As placements are short-term, there would be no permanent residents therefore consultation with service users is not required. There would be less of a workforce impact compared to closure as some staff would be TUPE transferred to the new provider rather than being made redundant. However, the council may incur additional costs when transferring staff to the new provider to underwrite pensions deficit, and possibly subsidise fees as part of the transfer.

Timeline for implementation

Business case and detailed project plan

Procurement prep, engagement & coms (Nov 16 – Feb 17, 3 months)

Undertake procurement, closure (Mar 17- Sept 17, 6 months)

TUPE consultation (Oct 17 – Jan 18 3 months)

TUPE transfer and serve notice for any redundancies (Feb 18 – May 18, 3 months)

Earliest project start date: November 2016

Latest project start date (does not achieve savings target): January 2017

In light of the above, Option 1 is the preferred option to be pursued.

4. Details of Scrutiny

The provision of intermediate and short term care was considered by ASC Scrutiny Commission in the context of the disposal of the Council's Elderly Persons Homes. A decision was later taken to not pursue a new build scheme and it was agreed with the ASC scrutiny commission that a review of the Kingfisher Unit would take place following its consolidation into a single unit.

The ASC Scrutiny Commission are receiving this report on 25th October 2016 to make any comments regarding the options.

5. Financial, legal and other implications

5.1 Financial implications

The table below shows the revenue savings that could be achieved from each of the options outlined within this report

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Option 1 – Closure and sell Kingfisher building	£170	£500	£480	£450
Option 2 – Sale of Kingfisher as residential care business	£0	£140	£210	£250

Savings from selling the unit as a going concern are lower than for closure due to the additional costs associated with any successful provider having to maintain the preferential terms and conditions of in-house staff. Savings for Option 2 increase over time as staff turnover reduces the impact of this TUPE liability. Savings for Option 1 reduce over time as independent sector wages are expected to rise at a faster pace than those of in-house staff.

The table above does not include the following one-off costs/savings:

Option 1 would incur additional one-off costs estimated to be in the region of £800k linked to redundancy payments and double running of the service during the closure process.

Both options could deliver a one-off capital receipt in the region of £750k.

Stuart McAvoy, Principal Accountant (Strategy) Ext 37 4004

5.2 Legal implications

Option 1: Prior to commencing an organisational review it is recommended that both HR and Legal Advice is sought. This option may lead to changes in terms of employment and/ or redundancies. Consideration needs to be given to the timing of both collective (if necessary) and individual consultation prior to making any decisions about reductions in the workforce to ensure that the appropriate timescales are adhered to and that consultation remains meaningful and fair.

Option 2: There would likely be TUPE implications arising out of this option. Employees of the Council would transfer with their current terms and conditions and the new provider would be required to offer the LGPS to transferring employees.

Property and Commercial

In respect of both options, the Council will need to have regard to its legal obligation to obtain the best consideration reasonably obtainable in the circumstances in the disposal of land and property, under s.123 of the Local Government Act 1972 (as amended), and its fiduciary duty to its taxpayers..

Option 1: As the Council will be disposing of the property with vacant possession, the Council will need to consider the terms of sale as set out above, including any restrictions on use. In respect of the block purchase of beds, the Council would be required to comply with its Contract Procedure Rules as mentioned above.

Option 2: In the event this option is chosen, as the Council is proposing to purchase services or bed spaces from the provider, this will require the Council to comply with its rules relating to the procurement of services in accordance with its Contract Procedure Rules. In respect of the land disposal, the Council will need to consider any terms of sale, including any obligations or restrictions on use as may be considered necessary.

Legal Services will continue to provide further advice and assistance during the progress of this matter

Hayley McDade, Solicitor (Ext 37 1431) and John McIvor, Principal Lawyer (Ext 37 1409)

5.3 Climate Change and Carbon Reduction implications

No climate change implications.

5.4 Equalities Implications

The council in meeting the three aims of its Public Sector Equality Duty (PSED), should be able to illustrate how it seeks to meet those aims. Within the context of this proposal, key considerations for the first aim of eliminating discrimination, are whether ASC understands the population affected, their protected characteristics and the impacts of their proposal.

The aim of unit as stated in the report was to provide short-term intermediate care support for individuals to re-gain skills required for their living independently in their home and reduce ongoing need for social care support. The review of the Unit's service outcomes presented in Appendix 1 indicate that the Unit is not meeting its intended aim. The proposed change in delivery model, to provide intermediate care in people's own homes with extra support at night if needed, will produce better outcomes for service users in keeping with the intended aim. In addition, the proposed purchase of 10-12 short term beds for non-intermediate care (assessments and short stays), would enable ASC to respond to operational need (both peaks and troughs) and continue to meet the need that is currently met by the Unit. The main users of this service are generally older and some will be disabled (protected characteristics of age and disability). However given the diversity of the city, the service must also be responsive to the range of social and cultural needs it is likely to encounter among its users (protected characteristics of sex, race, religion or belief, sexual orientation and gender reassignment).

In regard to the second PSED aim of promoting equality of opportunity, the better achievement of service outcomes through an alternative delivery model, will ensure this aim is met. The promotion of independent living to enable people to remain in their homes and communities will enable them to maintain their social and family contacts, as well as continue to express themselves and take part in community life – important equality outcomes as well.

The final PSED aim is that of fostering good relations between different people. Service providers, particularly of short term assessments and short stays, must be mindful that they promote meaningful interaction between service users and those present in their care settings. For many, this may be an opportunity to meet people from other communities/backgrounds that they may otherwise have no contact with.

Irene Kszyk, Corporate Equalities Lead, Ext 37 4147

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

HR Implications for Options 1 and 2

HR advice has been sought throughout the scoping of these options so headline implications have been included in the body of the report. Whichever option is supported, care must be taken to ensure that the HR implications are fully understood and sufficient time and resources are allocated to ensure that consultation is meaningful. Effort should be made to reduce the number of staffing process that staff are subjected to and if more than one option is supported to be delivered consecutively it is important that the earlier consultation process does not pre-empt the outcome of the other.

Nicola Graham, HR Team Manager (Ext 4334)

6. Background information and other papers:

N/A

7. Summary of appendices:

Appendix 1 – Data Summary

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

Appendix 1

Current Service Profile, Kingfisher Unit

In January 2016, Brookside Court merged with the Kingfisher Unit, a wing at the former Preston Lodge Elderly Person's Home. The Unit has 37 beds. People stay at the Kingfisher Unit for up to 6 weeks. There are 38.4 FTE staff working in the Kingfisher Unit. The service has an annual running cost of £1.35m.

Key Performance Information - Kingfisher Unit

The service collects information on its performance and breaks this down by different types of bed. Analysis shows that:

- 135 people were referred to the Kingfisher Unit between January 2016 and 30 June 2016
- The average monthly occupancy rate was 21 out of a bed capacity of 37 i.e. 57%.

Outcomes for those discharged from the service were as follows:

Outcomes	Number
Independent following the service	10% (12)
Went home with a care package	28% (33)
Went to receive community reablement	9% (11)
Went into residential care	30% (35)
Went into hospital	12% (14)
Deceased	3% (3)
Other outcomes (self-discharged, declined)	8% (8)

The Performance trends of the Kingfisher Unit are similar to those for the previous two years, at Brookside and Kingfisher. The Kingfisher Unit continues to be under-occupied, does not achieve the same customer outcomes as Reablement Service and therefore has questionable value for money for the Council.

Current demand for beds

The Kingfisher Unit received referrals from Community and hospital. Demand for beds was as follows:

Assessment Bed	61% (82)
Rehab Bed	14% (19)
Health Pilot	13% (18)

Interim	4% (5)
Short Stay	4% (5)
Respite	2% (4)
ICRS	2% (2)

Referrals are from community or hospital. Data above shows that demand is high for assessment beds. 82 out of 135 (61%) people who used the service between January 2016 and June 2016 were for an assessment bed. Assessment beds are used when social care needs are not clear and further social care assessment is required. Furthermore, the Kingfisher Unit receives a high demand for beds from hospital discharges to either expedite discharges from acute sector or for service users who would have potentially triggered CHC or FNC funding.

Future demand for beds

A demand modelling exercise has shown that rapid access for up to 10-12 short term beds would be required to meet our operational need. .

However having a wholly dispersed spot purchased model requires social care staff to ring around all providers to secure a bed and it reduces our ability to form a relationship with a provider where we require flexibility and rapid access including out of usual working hours. This is a model which secured some co-located capacity, for example 2 blocks of up to 5 or 6 beds, would provide a reasonable operating model without overly concentrating provision or risking significant under-utilisation.

Average number of weekly vacancies in OP Residential/Nursing Care – 2015-16			
2015-16	Residential Care	Residential + Nursing Care (dual registered) only	Total
Number of vacancies	53.58	55.35	108.84
Number of occupants	1037.42	788.65	1826.16