

Capital Invest to Save Business Case

Title:

Major Refurbishment Programme for Dolphin Manor, Knowle Manor and Spring Gardens

Directorate: Adult & Health

Responsible Officer: Shona McFarlane & Debbie Ramskill

Report prepared by: Debbie Ramskill and John Crowther

Date: 28th April 2022

Objectives of the Proposal – summary

- This report references the review of the directly provided care homes for older people as part of the Adults & Health Better Lives Programme. This strategy focuses on the Council's capacity to help support the growing number of older people with their care and support needs.
- As part of this review the decision was taken to decommission two homes: Home Lea House Long Stay Residential Care Home in Rothwell, and Richmond House Short Stay Residential Care Home in Farsley. Following the decommissioning of these two homes there will be three directly provided residential care homes remaining.
- The review recognises the changing expectations and aspirations of people as they grow older. The future strategic role of local authorities will be to financially support people with the highest and most complex needs and ensure people with low to moderate needs are able to access services that will help them remain independent.
- This report seeks approval to invest and fund major refurbishments at the three remaining residential homes to ensure they give people a better quality of life, ensure the properties are fit for purpose and ensure that they are of a similar standard offered within the independent sector.
- The major refurbishments will support the Best Council Plan (2020-25) ambitions of 'providing safe delivery of services'; and 'supports the health and social care sector to respond to and recover from COVID-19'. In addition, this investment supports the service's ambitions of increasing strength-based approaches by the homes becoming vibrant community assets; also, age-friendly Leeds, making Leeds the best city to grow old in.

Details of the Proposal

Why is the proposal being put forward?

1. A key aspect of the Better Lives strategy has been a continuous review of the Council's in-house services for older people with the focus being on how they meet both current expectations and crucially how they can contribute to maximising people's independence, recovery, and rehabilitation in the future. The aspiration is to ensure the properties are fit for purpose, supporting sustainability in order that moving forward the service offer can be flexible and fluid to be responsive to system flow pressures and commissioners' requirements.
2. This proposal will enable the in-house provision to compete with the independent sector and maximise the use of its bed base, thereby delivering financial efficiencies to the Council through fewer care packages being procured from the independent sector.

What impact will this proposal have?

3. It is important that we make sure services can continue to meet the city's changing requirements for care and support, with more people living independently for longer and a rising number of people needing specialist care, such as those who develop dementia.
4. National guidance on hospital discharge changed in April 2020, subsequently revised in April 2022, and now relies on a Discharge to Assess, Home First principle, which means that whenever possible, people should be supported to return to their home as the first option.
5. The proposed major refurbishment plan will ensure the remaining three homes meet current standards to support people both long-term and short-term where 'home first' isn't achievable.

What consultation and engagement has taken place?

6. No formal consultation has been undertaken with the customers, however, should permission be given to go ahead with this proposal, then customers will be consulted about changes to the building.

What are the resource implications?

7. As central government funding to local authorities decreases and demand for services increases Councils are under pressure to find more efficient and cost-effective ways of doing things. The Council has many priorities to meet the needs of its citizens but given the outlined challenging financial context for local authorities, the Council unfortunately has insufficient funding to meet all of these. Although this proposal is to spend money and invest in the three properties, there are many ways in which the service can evidence that this is a 'spend to save' proposal.
8. The three residential homes have had very little investment for years with essential maintenance spend only. Therefore, the homes are not particularly well maintained and although, over the years, staff have completed some redecoration work, there are areas which need attention. Admission of self-funding customers has recently decreased and as directly provided Council services we need to ensure that they are of a similar standard offered as that in the independent sector to attract new customers and maintain at least 90% occupancy levels (target operating model).
9. Because the homes are staffed to full occupancy, any additional occupied bed will save a net £23.5k per annum by not purchasing from the independent sector.
10. By responding to system demands and offering a temporary service as a step down from hospital there may be a possibility of generating income from Health.
11. In addition, Dolphin Manor is to reconfigure the service offer by developing a specialist dementia service within one wing of the building. This will ensure the service offers a residential home offering a mix of long and short-stay care with specialist in-reach mental health support. This will be a collaborative service alongside colleagues within Leeds & York Partnership Foundation Trust and Leeds Community Healthcare Trust. This innovative service will support the commissioning priorities and gap in provision for people living with dementia and who may challenge services.
12. The internal layout and interior design of the buildings will be mindful of the research undertaken regarding being recovery focused, safe, homely and dementia friendly. This will include consideration of colours, textures, signage, flooring, and lighting. Consideration will also be given to safe external space where customers can walk and enjoy the gardens and outside spaces.

13. Corporate Property Management have visited Spring Gardens and Dolphin Manor with quotes for the works received, however, we are still waiting on Knowle Manor.
14. There is no major backlog maintenance associated with the three homes.
15. The proposed works will improve the overall infrastructure and lifespan of the home and benefit the customers who access these services both currently and in the future. This approach will establish an accessible, dementia friendly and good quality Council owned residential home in the Rothwell area.
16. This approach will establish an accessible, good quality Council owned residential home in Rothwell, Morley, and Otley.
17. The business case wrapped around this allows for build costs of £3.629m (increase of 198%) before this no longer becomes an invest to save proposal.
18. The scheme can be funded through prudential borrowing at 3% over a 15-year period at a cost of £102k per annum. This borrowing can be funded by savings made by the reduction in externally commissioned residential placements budget. Please see appendix 2.

Climate Emergency

19. The refurbishment will consider energy efficiencies particularly regarding laundry and catering provision.
20. As part of the decarbonation process at 2 of the home's changes have been made as follows: -
 - Ground Source heat pump boiler
 - Solar Panels
 - Energy efficient lighting throughout

Impact on other areas

21. There are no long-term impacts on other services or directorates; it is anticipated that there may be impacts on catering and cleaning staff during the refurbishment process.

Capital Cost

22. In addition to the major refurbishment works there is a need to replace the nurse and falls prevention call system. The current system is around 30 years old and provides a basic and unreliable response. To meet Care Quality Commission requirements, a new more responsive system is required which will also provide excellent monitoring of all customer and staff activity, enhancing the ability to provide the safest possible environment. Support has been provided by colleagues within the Integrated Digital Service and a wireless solution has been sourced.
23. Please note the figures below include the Nurse & Fall Prevention system which will cost £75k.
24. The total value of the works for each home is:

Service	Value of work
Spring Gardens	£332k
Knowle Manor	£441k
Dolphin Manor	£441k
Total	£1,215k

25. It should be noted that the total refurbishment figures for the properties as shown above is £1.215k. Spring Gardens and Dolphin Manor figures are based on costings provided by LBS in April'22. Knowle Manor has not yet received a revised costing and as a reasonable estimate the figure quoted for Dolphin Manor is seen as suitable for this business case.
26. Following on from the business case for the closure of 2 homes, approval is sought to refurbish the 3 remaining homes up to similar standards with independent providers: resulting in increased occupancy at the homes from the current 68 increasing to 85 at the estimated 90% occupancy level.
27. As these assets are currently supported it is anticipated that ongoing lifecycle costs are covered within the directorates budget and/or the centralised property maintenance budgets; it is thought likely that the call on these budgets should be reduced (from current spend levels) in the early years following the refurbishment.
28. Timescales for the works are estimated as follows:

Service	Approximate commencement of work	Approximate completion of work
Spring Gardens	May 2022	November 2022
Knowle Manor	October 2022	April 2023
Dolphin Manor	June 2022	December 2022

Expenditure Required	TOTAL	FORECAST				
		2022/23	2023/24	2024/25	2025/26	2026/27
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
LAND (1)	0.0					
CONSTRUCTION (3)	822.0	822.0				
FURNITURE & EQUIPMENT (5)	335.0	283.0	52.0			
DESIGN FEES (6)	59.0	59.0				
OTHER COSTS (INCLUDING LIFECYCLE)	0.0					
TOTAL EXPENDITURE	1,216.0	1,164.0	52.0	0.0	0.0	0.0

Total Overall Funding Available	TOTAL	FORECAST				
		2022/23	2023/24	2024/25	2025/26	2026/27
	£'000s	£'000s	£'000s	£'000s	£'000s	on £'000s
e.g.						
CAPITAL BORROWING	1,216	1,164.0	52.0			
CAPITAL GRANTS	0.0					
	0.0					
	0.0					
TOTAL FUNDING	1,216.0	1,164.0	52.0	0.0	0.0	0.0

TOTAL CAPITAL REQUIREMENT	0.0	0.0	0.0	0.0	0.0	0.0
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Financing Cost

Amount to be borrowed	£1,216.0k
Asset Life	15
Interest Rate	3%
Annual Financing Cost	£102,000

Revenue Business Case

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s	£000s	£000s
COSTS						
Financing Costs	18.5	99.0	102.0	102.0	102.0	102.0
Other Revenue Costs						
Total Costs	18.5	99.0	102.0	102.0	102.0	102.0
Savings						
Savings on External Commissioned Residential Placements	-102.0	-406.0	-406.0	-406.0	-406.0	-406.0
Total Savings	-102.0	-406.0	-406.0	-406.0	-406.0	-406.0
Net Savings	-83.5	-307.0	-304.0	-304.0	-304.0	-304.0

- The savings built into the table above are all based on reducing externally commissioned placements. No assumption around separate NHS income sources is included as it would be neutral on the budget.

Staffing Implications?

29. There are no staffing implications.

How will the Savings be Captured?

30. Saving proposals for the 2022-23 Annual Budget and 2023/24 & 2024/25 financial years submitted to September and December 2022 Executive Board included £190k for 2022/23, further £160k for 2023/24.

31. The three cost centres are 50162 Spring Gardens, 50166 Knowle Manor and 50173 Dolphin Manor.

Sensitivity Analysis

32. The business case wrapped around this allows for build costs of £3.629m (increase of 198%) before this no longer becomes an invest to save proposal.

33. Table below illustrates the sensitivity based on increased flexing the increased occupancy level post investment.

Occupancy Level Increase (no.)	Forecast: Full Year Savings £ '000
15	469
13	406
11	344

Key Risks

- 34. Delays will impact upon the planned revenue savings.
- 35. There is a risk that there are cost overruns; this is mitigated by significant capacity on the business case. 10% contingency built into the building cost estimates.
- 36. There is a risk that the beds do not fill or fill to the target operating model. Whilst this is largely mitigated by the capacity in the business case; the directorate sees this as a low risk; particularly as there is a capacity issue in the Otley area. In addition, over the past decade there hasn't been any promotion of in-house services, this will be reversed upon completion of the works.
- 37. See 30 (£190k) is included in the latest MTFP and will not be delivered if refurbishment does not go ahead.
- 38. Under the new inspection regime all homes will be inspected and awarded a rating, failure to invest may lead to a poor rating, potential for closure and the potential reputational risk which may follow.

How will the decision be taken?

- 39. The decision will be a delegated decision taken by the Director of Adults and Health.

On completion, the business cases should be submitted to Finance Performance Group (FPG) for financial evaluation and in-principal agreement. Please email your business case to naomi.eastwood@leeds.gov.uk, having ensured that your directorate Head of Finance is aware.

To be completed centrally

Clearance at FPG	Y/N
Clearance at BCT: Strategic Investment	Y/N
Included on Central Monitoring document	Y/N

Comments from FPG Meeting	
Comments from BCT Meeting	
Other Comments	