

## WEST DUNBARTONSHIRE COUNCIL

### Report by the Director of Community Health & Care Partnership

Community Health and Care Partnership Committee: 21 November 2012

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**Subject: The Modernisation of Council Older People's Care Home and Day Care provision for West Dunbartonshire.**

#### **1. Purpose**

- 1.1** To provide the Committee with options in relation to services for older people in West Dunbartonshire and make recommendation for the future of Older People's Care Homes and Day Care services provided by the Council.

#### **2. Recommendation**

- 2.1** The Committee is recommended to:

- 2.1** Approve Option 1: to develop two new and fit-for-purpose older people's care homes (incorporating day care provision) to replace all of the authority's existing care homes and day centre provision by 2015.

- 2.2** Agree that the capital investment and revenue effects of option 1 are incorporated into the Council's ongoing financial processes to enable full consideration of capital planning options at the Special Council meeting scheduled for February 2013.

- 2.3** Agree that future reports will be provided to the Committee at a later date as to the outcome of consultation processes, location decisions for the new facilities and on tendering processes.

#### **3. Background**

- 3.1** The Council's Strategic Plan 2012-17 identifies "improve care for and promote independence with older people" as one of the authority's five strategic priorities; and "fit-for-purpose estate and facilities" as one its six key enablers for delivering success.

- 3.2** The Committee will recall that the approved CHCP Commissioning Strategy for Older People's Services highlights that over the next twenty years, whilst demand for services to enable Care at Home will rise considerably, the demand for residential Care Home beds within West Dunbartonshire will remain broadly at current levels.

- 3.3** Committee will also recall that the demands on and standards of quality required of local Care Homes are already changing – not least in providing for the increasing frailty and levels of dementia amongst most residents; and the requirements of end-of-life care.

**3.4** The Council is both a substantive direct provider of residential care for older people and as a purchaser of a comparable amount of provision from the independent sector.

**3.5** The Council's residential Care Homes for older people are:

- Langcraigs Care Home, Dumbarton.
- Dalreoch House, Dumbarton.
- Willox Park Care Home, Dumbarton.
- Mount Pleasant Care Home, Old Kilpatrick.
- Boquhanran House Care Home, Clydebank.
- Frank Downie Care Home Dalmuir.

Three of these also provide Day Care, i.e.:

- Frank Downie, Clydebank.
- Langcraigs, Dumbarton.
- Dalreoch, Dumbarton.

In addition the Council manages the stand alone Queen Mary Day Care Centre in Clydebank.

**3.6** The table below details the most recent grades awarded by the Care Inspectorate to Council Care Homes for each of the four quality dimensions of its grading system (with Day Care provided for completeness). Grades are awarded in the range: 1 - Unsatisfactory; 2 - Weak; 3 - Adequate; 4 - Good; 5 - Very Good; and 6 – Excellent.

	Location	Decade Built	No. of Places	Quality: Care & Support	Quality: Environment	Quality: Staff	Quality: Management & Leadership
<b>Boquhanran</b>	Clydebank	1960	27	2	2	4	4
<b>Frank Downie</b>	Clydebank	1970	32	3	3	4	3
<b>Mount Pleasant</b>	Old Kilpatrick	1970	34	3	2	3	3
<b>Willox Park</b>	Dumbarton	1960	27	3	3	4	4
<b>Langcraigs</b>	Dumbarton	1980	36	4	4	4	4
<b>Dalreoch</b>	Dumbarton	1980	36	3	2	4	3
<b>Frank Downie Day Care</b>	Clydebank	1970	22	4	4	4	4
<b>Langcraigs Day Care</b>	Dumbarton	1980	50	4	4	4	4
<b>Dalreoch Day Care</b>	Dumbarton	1980	25	4	4	5	4
<b>Queen Mary Day Care</b>	Clydebank	1985	30	5	5	5	4

- 3.7** The Council's Care Homes have previously enjoyed a good reputation for services delivered, and have been valued within the local community. However, recent years have seen the services being awarded lower Care Inspectorate gradings (as reflected in the previous table). Consequently the CHCP Committee has required a monitoring report on inspection assessments at every meeting, reflective of an appreciation that the Care Inspectorate grading system plays a significant part as to a Care Home's viability.
- 3.8** As the Committee will recall from the regular up-date reports on inspection assessments, it has been established that these lower gradings are in part consequence of the structural constraints on the *quality of environment* of the majority of the Council's current Care Home estate; and the limitations that they place on the *quality of care and support* that can be provided.
- 3.9** Through the 'securitisation' process undertaken by the Council over the previous year (the conclusions of which were approved at the full Council meeting of September 2012), detailed analytical work and options appraisals were undertaken to identify how best to address the following objectives:
- Improve health and care outcomes for older people within care homes.
  - Improve the experience and assure the dignity of older people within care homes.
  - Improve care home accommodation quality, internally and externally.
  - Improve care home asset management by the Council.
  - Improve efficiency of care home provision by the Council.
  - Improve the reputation of care home provision by the Council.
- 3.10** This intensive work confirmed that the Council's current older people's residential care estate **cannot** satisfactorily meet the above objectives. Given that five of the six existing homes are so far away from meeting the newest standards in terms of room sizes, layout and facilities it is clear that the current estate is **not compatible** with the Council being able to achieve its now agreed strategic target for all its own residential care homes achieving a Care Inspectorate grading of at least 5 (i.e. *very good*) by March 2017.
- 3.11** The status quo is clearly no longer a viable or sustainable position for the Council to maintain if it is to be recognised as a high quality Care Home provider. Consequently Elected Members need to make a clear and substantive decision on this matter.
- 3.12** The imperative for such a decision has been publicly emphasised by Audit Scotland within its most recent Shared Risk Assessment of the Council, with the "health and wellbeing" dimension being downgraded from a green to an amber explicitly as a result of both the care home grading picture and (importantly) the lack of clarity about the medium-to-long term plan for the physical estate. The most recent Assurance and Improvement Plan for the Council specifically identifies the need for the Council to confirm such a plan for the future within this year so as to reduce the uncertainties expressed by Audit Scotland.

- 3.13** The critical importance of the authority making a substantive decision on this matter has also been reiterated by the Care Inspectorate during their on-going assessment of the CHCP (as previously reported to Committee) as the issue will be commented upon within their final assessment report. That formal inspection report is currently being prepared in anticipation of its being published at the end of December 2012. This Committee paper has been provided to the Inspectorate Team as evidence of the priority that the Council attaches to making a definitive decision on this matter.
- 3.14** In recognition of all of the above, at its 26<sup>th</sup> September 2012 meeting the Council agreed that in relation to the former securitisation projects (including care homes) that:-
- That these projects be developed and progressed through the Council's ongoing capital and revenue financial planning processes.
  - To request that the Corporate Management Team prepare any appropriate strategic/policy related papers as soon as is reasonably practicable and these be submitted for consideration by the appropriate Committee.
  - That final business case proposals be brought to Council as and when funding is required on a project by project basis.
  - Council agrees that the work on finalising the business cases for care homes and schools i.e. Our Lady & St Patrick's, Bellsmyre & Kilpatrick be accelerated and reported to the appropriate Committee as soon as practicable, which will allow full consideration of the capital planning options at Special Council in February 2013.

#### **4. Main Issues**

- 4.1** Through the detailed work summarised above, the following two options have been identified as best meeting the objectives set under 3.9 and the need to deliver best value services.

##### Option 1

- 4.2** Replace all six Council older people's care homes with two new and purpose built 90 bedded facilities, one located in Clydebank and one in Dumbarton/Alexandria. The total number of registered beds would reduce from 192 to 180 under this Option with the difference being purchased from the independent sector provision located in West Dunbartonshire. This option would also include replacing the Council's current in-house day care provision with new facilities within these developments (with additional places contracted from the independent sector as required).
- 4.3** The main advantages of Option 1 are:
- The Council would not be predominantly dependent on the independent sector in terms of the quality and availability of care home provision for older people.
  - The Council would be able to ensure that the replacement facilities would be constructed and operational in a specified timeframe.

- The construction of such new facilities would provide an opportunity for the Council to positively contribute to local employment and the local economy. This would be enabled by the explicit inclusion of *community benefits* clauses into the core elements of the relevant contract specifications.

**4.4** Community Benefits include targeted recruitment and training; equal opportunities; training for the existing workforce; supply-chain initiatives; community consultation; 'considerate contractor' schemes; contributions to education; the promotion of social enterprises; and resources for community initiatives. Targeted recruitment and training clauses designed to provide local training and employment opportunities during the construction phase would particularly contribute to another one of the Council's five strategic priorities, namely "improve economic growth and employability".

**4.5** The main disadvantage with Option 1 is that the capital investment required (£20.0 million), with the attendant revenue implications associated with the borrowing required to fund the investment (£1.260 million recurrently). However, as can be seen from the financial implications section (6), this revenue impact will be minimally negated by the efficiency savings achieved by the economies of scale of consolidating our Care Home and Day Care services within two new, modern and purpose-built facilities. Consequently Option 1 would be cost-neutral in recurrent revenue terms (i.e. no additional revenue impact).

**4.6** The number of residential care home beds for older people currently provided by the independent sector in West Dunbartonshire is 396. Analysis has confirmed that amongst the current independent providers there would be the ready capacity to absorb the reduction of 15 beds associated with Option 1 (not accounting for the new independent Care Homes for whom planning permission has recently been sought and approved).

#### Option 2

**4.7** Close five Council Care Homes and replace the beds provided within them by purchasing from the independent sector. The existing Langcraigs Care Home & Day Care Centre would be the only facility directly managed by the Council. This Option would require capital investment in the existing Langcraigs facility to ensure that it is able to continue to meet necessary standards. This Option would also maintain the existing Queen Mary's Day Care Centre, with additional day care provision from the independent sector requiring to be contracted.

**4.8** The main advantage of Option 2 would be the significant reduction in costs associated with the current Care Home estate. The potential ongoing net revenue saving generated (approximately £3.662 million) could be used either for investment in other Council services experiencing increasing demand (as per 3.2, e.g. Homecare); or to positively contribute to addressing the Council's overall financial challenge (as expressed within the Council's approved Financial Strategy); or a combination of these two options.

**4.9** The main disadvantages of Option 2 are:

- The Council would be predominantly dependent on the independent sector in terms of the quality and availability of care home provision for older people.
- The Council would not be able to guarantee that the replacement facilities would be delivered by the independent sector, as despite the potential new care homes which have received planning permission (as referred to previously) there is the possibility that they may not proceed to construction; and even if they do proceed, that they may simply replace already existing externally provided care homes resulting in no net growth in provision. In addition the timescales required for the replacement of the Council's existing provision may not be met, as the construction of new care homes by other organisations is not within the Council's control.
- The Council would not be able to insist that the contract specifications for the construction of any such new independent explicitly included *community benefits* clauses.
- The rates of pay and terms & conditions of employment for Care Home staff offered by the independent sector are generally not as good as that provided by the Council.
- Scottish Government has regularly reminded Councils of the need to have resilience plans in place should any individual or group of care homes close suddenly – the Council maintaining a staff group who already provide residential care is a key element in those plans (as per 7.4).

**4.10** Analysis has confirmed that the current independent providers within West Dunbartonshire would not be able absorb the reduction of beds associated with Option 2 (including accounting for the new independent Care Homes for whom planning permission has recently been sought and approved). Thus the viability of this option is predicated on new Care Home providers entering the local market and investing in new build Care Homes. The Council's timetable for its closing the five care homes in question (and thereby realising the associated cost savings) would be dependent upon if and when such new provision became available.

**4.11** With Option 2 separate re-provision for the associated reduction of Day Care places would also have to be sourced: either purchased from the independent sector or re-provided within other Council facilities. As for 4.10, analysis has confirmed that the current level of Day Care services provided in the independent sector locally does not currently have the capacity to absorb the full reduction associated with Option 2.

**4.12** Having given consideration to all of the issues highlighted within this report within the context of the CHCP's Commissioning Strategy for Older People's Services then, Option 1 is being recommended for approval by the Committee on behalf of the Council.

## 5. People Implications

- 5.1** The consolidation of our own older people's Care Home and Day Care services within two new, modern and purpose-built facilities would enable more optimal models of staffing and economies of scale in relation to staff management. The models of care, staffing-ratios and skill-mix introduced for the new facilities can only be finally determined following early engagement with the Care Inspectorate and the ongoing involvement with the relevant Council staff and their trade union representatives. However, subject to those detailed discussions, no significant reductions in staffing numbers are anticipated.
- 5.2** If approved the CHCP will have approximately three years to prepare and plan for the new developments coming on stream. The change process for staff will be in full compliance with Council procedures and staff would be appropriately engaged in and supported through the change management process required. Trade union representatives would also be fully engaged in this process, with regular discussion in partnership through the CHCP's Joint Staff Forum.

## 6. Financial Implications

The headline direct estimated financial implications of Options 1 and 2 are summarised within the table below:

	<b>Capital Cost</b>	<b>Potential Capital Receipts</b>	<b>Maximum Potential Net Annual Revenue Savings</b>
Option 1	£20.0m	£0.775m	£0.250m
Option 2	£0.450m	£0.775m	£3.662m

### 6.2 Option 1

- 6.2.1** For Option 1 the stated estimated saving will depend on the outcome of the consideration of the models of care, staffing-ratios and skill-mix, as per 5.1 above. Option 1 will incur a revenue cost of borrowing £20.0m to build new facilities. The annual revenue cost of servicing this debt is currently estimated to be £1.260m (based on an expected lifetime of 30 years). This cost is included in the net saving position as identified in the estimated annual saving of up to £0.250m.
- 6.2.2** The earlier detailed work on developing the business case under the 'securitisation' process (3.9) indicated a range of possibilities of revenue savings. Operating two care homes with integrated day care provided the most efficient model if the Council is to remain as a substantive direct provider of care.
- 6.2.3** As per 4.5 above, the revenue impact associated with the cost of capital required will be minimally negated by the efficiency savings achieved by the economies of scale of consolidating Council older people's Care Home and Day Care services within two new, modern and purpose-built facilities.

Consequently Option 1 would at least be cost-neutral in recurrent revenue terms (i.e. no additional revenue impact).

- 6.2.4** In further refining the financial modelling to produce this report it has become clear that with those economies of scale - combined with a lower cost of capital – that there may be the potential for Option 1 to further contribute some additional financial savings (even after allowing for the cost of capital) up to a maximum net saving of £250k. Such an additional potential net saving could be used to assist the delivery of the Council’s long term financial strategy, which could be used either for investment in other Council services experiencing increasing demand (as per 3.2, e.g. Homecare); or to positively contribute to addressing the Council’s overall financial challenge (as expressed within the Council’s approved Financial Strategy); or a combination of these two options.

However, the viability of contributing any further such potential savings would be dependent on confirming the models of care, staffing-ratios and skill-mix introduced for the new facilities - and these would only be finally determined following the completion of detailed design work, early engagement with the Care Inspectorate and the ongoing involvement with the relevant Council staff and their trade union representatives (as per 5.1).

- 6.2.5** So while that financial modelling has confirmed that Option 1 will minimally deliver a saving that will cover the cost of the capital investment required, it would not be prudent at this stage to assume that any additional savings can be generated beyond that.

If Option 1 is approved, this position will be kept under review as part of the ongoing development process, and incorporated as necessary into the Council’s financial assumptions for 2015/16 and beyond.

- 6.2.6** For the purposes of this report it is assumed that the capital investment is fully funded as prudential borrowing and does not utilise any of the Council’s base capital investment programme funding. To utilise the base capital funding would have the effect of reducing capital funding available for other capital projects within the Council.

- 6.2.7** The above modelling does not take into account the financial and social impact of the community benefits associated with Option 1 (as described under 4.4), particularly within the context of both the Council’s and the wider local Community Planning Partnership’s pre-eminent commitment to stimulating local employment opportunities and economic development.

- 6.2.8** In relation to Option 1, the estimated capital costs for the new build care homes and day care facilities have been supplied as part of the “securitisation” process (3.9) following detailed work undertaken external and independent consultants. The costs are based on a standard traditional contract providing a ‘turnkey facility’ fully fitted out and ready to operate. These estimates have been checked by the Council’s Asset Management Team and confirmed as being at an appropriate level. The expectation is that



the new provision will be operational within 155 weeks from approval date: effectively 3 years from 2012/13, i.e. part-way through financial year 2015/16, with the full effects of the cost of borrowing being incurred from 2016/17.

**6.2.9** It should be noted that for Option 1 - the preferred approach - the assumption in generating the cost of these developments is to locate the new facilities on sites which are owned by the Council's General Fund and surplus to council requirements.

### **6.3** Option 2

**6.3.1** Option 2 would require a capital investment of £0.450m to upgrade Langcraigs Care Home to appropriate quality of environment standards. It is anticipated that this would be funded from the general services capital budget with no need for prudential borrowing.

**6.3.2** Option 2 is estimated to generate ongoing revenue savings of £3.662m. However this is subject to the rate of payment to external care providers not increasing ahead of normal inflationary uplifts. This uncertainty represents an element of financial risk as independent sector providers are already under financial pressure at current rates.

**6.3.3** Option 2 contains a level of financial risk in relation to when the calculated financial savings would be realised in practice (as per 4.10 and 4.11 above). The commercial return for operating care homes is (quite rightly) less attractive than it once was - and any delay in the Council being able to replace the current estate would increase risks expressed in section 7 below. This aspect is outwith the control of the Council.

**6.4** From the table at 6.1 above it can be seen that both options offer potential capital receipts for the land on which current Council care homes and day care are sited, accepting that the timing and value of such capital receipts would be subject to market conditions. However, the assumption at this stage is that any capitals delivered through whichever option approved would not specifically contribute to this project; but would rather contribute to future Council capital planning processes. It should be noted that these capital receipts do not assume any receipt for Queen Mary Avenue Day Care as this is attached to other Council provision - but if Option 1 is approved this land may offer a rental opportunity in the future. Similarly no receipt has been assumed at this stage for the Willox Park Care Home land as this is a more complex site in relation to the sheltered housing provision which is also located there.

**6.5** If Option 1 is approved as recommended, the Council would then need to appoint external advisors/contractors through an appropriate tendering process either through a full tendering process or through placing the contracts with the West Hubco. This would be undertaken as early as possible to ensure full engagement of an associated architectural firm in developing the actual design alongside service users, families, staff, the Care Inspectorate and other stakeholders.

## 7. Risk Analysis

- 7.1 The Council's current older people's residential care estate **cannot** satisfactorily meet the objectives set out under 3.9; and consequently Council now needs to make a decision. This has been publicly emphasised by Audit Scotland within its most recent Shared Risk Assessment of the Council, with the "health and wellbeing" dimension being downgraded from a green to an amber explicitly as a result of both the care home grading picture and (importantly) the lack of clarity about the medium-to-long term plan for the physical estate.
- 7.2 The most recent Assurance and Improvement Plan for the Council specifically identifies the need for the Council to confirm such a plan for the future within this year so as to reduce the uncertainties expressed by Audit Scotland. This has also been reiterated by the Care Inspectorate during their on-going assessment of the CHCP (as previously reported to Committee), who are keenly waiting to see if the Council can decide on a new plan for the future at this Committee meeting ahead of their preparing their formal assessment report next month regarding social work and social care service provision by the Council in West Dunbartonshire.
- 7.3 If the CHCP Committee elects to approve Option 1 as recommended, from the point of approval it is anticipated that the time frame for the delivery of the two new facilities would be within 155 weeks. This would cover the appointment of the contractors, full liaison with stakeholders, product design, planning consent, building warrant and construction. On completion of the homes, the Council would be provided with two "turnkey" facilities ready to operate. The critical path of the project would depend on planning consent, with any delay in gaining consent potentially resulting in additional costs. Services – and then Care Home residents - would move into the new facilities when they were complete, thus ensuring that disruption was minimised.
- 7.4 If the CHCP Committee elects to choose Option 2, Council Care Homes would only be closed as and when suitable independent provision became available; and this would be anticipated to be on a phased basis once that decision was public knowledge. The experience of other authority's who have substantially reduced their own in-house care home provision is that once the Councils in question made a public commitment to purchasing a substantial number of new and high quality beds from the independent sector on an on-going and long-term basis, new providers sought to enter the local market and build new homes to meet the demand. However, those experiences predated the challenging economic climate; and the Council's timetable for its closing the five care homes in question (and thereby realising the cost savings whilst mitigating the risks associated with poor Care Inspectorate gradings) would be dependent upon such new provision becoming available.
- 7.5 In 2011/12 Southern Cross Healthcare Ltd ceased to operate and Argus Care went into administration. Southern Cross had almost 100 services in Scotland, with two Care Homes located within West Dunbartonshire. These cases highlighted the importance of all local authority's retaining a body of

staff expertise within their own services to be able to step in and “take over” the running of an independent Care Home in such circumstances. Both Options presented here allow for this to different degrees, but Option 1 clearly represents considerably less risk in this regard.

- 7.6** Irrespective of which Option the CHCP Committee chooses, it will be crucial to involve the Care Inspectorate in the planning process at an early stage. In the event that Option 1 was approved as recommended, it would be anticipated that a pro-active and constructive engagement with the Care Inspectorate would contribute to the delivery of high quality facilities that are more likely to be recognised with positive inspection gradings of 5 (i.e. very good) or better.
- 7.7** Once a decision is made, it will be important to inform Audit Scotland of the fact that the CHCP Committee had taken a clear and decisive decision on this matter for the purposes of the Shared Risk Assessment of the Council as a whole (as per 3.10); and the Care Inspectorate team that are currently finalising their report on the overall assessment of the CHCP (as per 3.11).

## **8. Equalities Impact Assessment (EIA)**

- 8.1** A formal Equality Impact Assessment (EIA) was undertaken as part of the process summarised in 3.12 previously. The EIA indicated that at this stage there are no substantive negative equality impacts anticipated with either Option 1 or Option 2 as presented here.

## **9 Consultation**

- 9.1** Following the decision of the Committee, appropriate consultation and engagement will be undertaken as part of the implementation of the Option approved.

## **10 Strategic Assessment**

- 10.1** Both the options presented within this paper support the priority within the Council’s Strategic Plan 2012-17 to “improve care for and promote independence with older people” as one of the authority’s five strategic priorities. However, Option 1 as recommended would enable the Council to be more pro-active and assured in delivering this priority and the associated performance target for all its own residential care homes achieving a Care Inspectorate grading of at least 5 (i.e. *very good*) by March 2017.
- 10.2** Option 1 as recommended would also more strongly contribute to the priority within the Council’s Strategic Plan 2012-17 to “improve economic growth and employability”.

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7<sup>th</sup> November 2012.

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**Appendices:** Nil.

**Background Papers:** West Dunbartonshire Council Strategic Plan 2012-17  
<http://wdccmis.westdunbarton.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/7514/Committee/493/Default.aspx>

West Dunbartonshire CHCP Commissioning Strategy for  
Older People's Services 2012-2021  
<http://wdccmis.westdunbarton.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/7385/Committee/490/Default.aspx>

West Dunbartonshire Council Assurance and  
Improvement Plan 2012-15:  
[http://www.auditscotland.gov.uk/docs/best\\_value/2012/aip\\_120516\\_west\\_dunbartonshire.pdf](http://www.auditscotland.gov.uk/docs/best_value/2012/aip_120516_west_dunbartonshire.pdf)

West Dunbartonshire Council Report: Detailed Business  
Cases - The Way Forward (September 2012)  
<http://wdccmis.westdunbarton.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/7514/Committee/493/Default.aspx>

West Dunbartonshire Council Report: Long Term Financial  
Strategy (September 2012)  
<http://wdccmis.westdunbarton.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/7514/Committee/493/Default.aspx>

**Wards Affected:** All.