

CABINET
18 OCTOBER 2018**FUTURE USE OF THE GRANGE, KIDDERMINSTER**

Relevant Cabinet Member

Mr A I Hardman

Relevant Officer

Director of Adult Services

Local Member

Ms T Onslow

Recommendation

1. **The Cabinet Member with Responsibility for Adult Services recommends that Cabinet:**
 - (a) **notes that a detailed property analysis has indicated that the Grange is not fit for its previously intended purposes;**
 - (b) **agrees that 'The Grange' is not re-purposed as a long-term dementia unit and will cease to provide short-term recovery and rehabilitation beds and other short-term provision known as replacement or emergency care beds by 31 March 2019; and**
 - (c) **agrees that upon the consequent closure the asset is declared as surplus to requirements by the Adult Services Directorate.**

Background

2. On 8 February 2018, Cabinet agreed that there was no longer a need for retention of 'The Grange', Kidderminster as a short-term recovery and rehabilitation unit, given that the delivery of rehabilitation services will be primarily community-based. An opportunity was perceived, however, to re-purpose the Grange rather than dispose of the site. Cabinet decided, based on information within the report, to support the proposal that the Grange should be retained as a strategic asset in the form of a long-term residential unit for people living with dementia; with five beds commissioned by the Clinical Commissioning Groups (CCGs) for short-term recovery and rehabilitation for people in Wyre Forest.

3. The previous report estimated that this proposal would lead to an immediate budget pressure of £257k - but in the medium term there would be a minor net revenue saving of £63k over 5 years through pursuing this option and based on the use of 29 beds for long-term care and 5 beds for the CCG as recovery beds – totalling 34 beds. The financial case was therefore quite evenly balanced between the 2 options of full

closure and repurposing. At the time of the decision, the Council was aware that there would be costs in preparing the Grange for continued use. For timing reasons this had not been fully appraised but it was anticipated that the cost of works would be met from within the Capital Programme with no revenue implications.

4. However, following the February decision, the information and details supporting this decision have changed and the business case for this decision has weakened significantly.

High Level Options Appraisal – The Jacobs Report

5. Since April 2018, 'The Grange' has provided 10 short-term beds: 5 beds for time limited rehabilitation and recovery care and 5 beds for short-term replacement care. Following the February decision the Council commissioned through Place Partnership Limited (PPL) a 'high level options appraisal' from 'Jacobs' (see 'Supporting Information') of the suitability of the estate for the provision of long-term care as anticipated in that Cabinet report. This 'options appraisal' identified that the estimated cost of remodelling, refurbishment and repair of the Grange estate would cost the Council between £2.2m and £3.3m.

6. The February Cabinet report anticipated that 29 beds requiring care for dementia (plus 5 short-term rehabilitation beds) would be available (total: 34). However, the options appraisal states:

"Despite investing in the refurbishment and re-modelling work in Option 1 and 2 there will inevitably be some limitations due to the nature of the existing building."

7. These limitations are important as the report recognises:

"The building is generally dated in décor and has outdated fixtures and fittings which are not suitable for people with dementia and create an institutional feel. The layout is confusing and has long, narrow dead-end corridors with low ceilings. The bedrooms are small and only 2 have ensuite facilities."

8. The 'Options' report and associated drawings identify the following options for refurbishment and remodelling:

Option 1 Refurbishment: proposed plans show the reorganisation of the building to accommodate the 5 bed recovery unit and provide 33 dementia beds including some remodelling of the ground floor space to give 4 new good sized ensuite bedrooms. A total of 38 beds which departed from the 'brief' of 34 beds.

Option 2 Remodelling: as Option 1 but with more extensive remodelling to make better use of space and give some rooms of more appropriate size for their function. Small existing bedrooms are combined to form an improved bedroom size with new wet room ensuites giving 6 further ensuite bedrooms and 25 dementia beds. Some of the smallest rooms would have a large replacement window to bring more natural light and increase the useable floor area. Remodelling of the entrance area is also proposed to make a clear and welcoming environment. With the additional 5 beds for the CCG this is a total of 30 beds.

9. Both 'options' were evaluated using the Kings Fund document "Is your care home dementia friendly?" This is an assessment tool that contains a list of design elements known to support, encourage and enable people with dementia in care settings (see 'Background Papers'). Options 1 and 2 results in a total bed number of 38 and 30 beds respectively. The cost of Option 1 is estimated at a range of between £2.2 million and £3 million; whilst Option 2 is estimated at a range of between £2.4 million and £3.3 million. The operational view of Option 1 applying the Kings Fund assessment tool is that it would barely meet standards of care required for people with dementia. The operational judgement of Option 2 was that it would meet standards but that the Care Quality Commission (CQC) as the regulator would have ongoing concerns and the Council would have commissioned a service that would not be perceived as 'best' or even 'good' practice.

10. The outcome of the high level options appraisal is that due to the age, design, fabric and structure of the existing building it is not possible to re-furbish or remodel the building in order that it delivers a service in line with recognised 'good practice'. In addition to the proposed estate changes in the Jacobs report, there are existing building limitations which remain key risks and will imminently require attention including:

- Works to mitigate the risk of fire spread (currently mitigated by increased staffing)
- Large flat roof in need of constant patching
- Central heating and boilers, the latter of which requires replacement
- Replacement of the lift.

11. The standards and norm acceptable in 1975 when The Grange was first built have changed dramatically and the building as it approaches its 44th birthday has inherent problems that are difficult to address (as proposed in the PPL report) including: room sizes; few bedrooms with en-suites or private toilet facilities; previous adaptations that are functional; space that is redundant and not used; very narrow corridors meaning that, for example, some large wheel chairs would have difficulty negotiating the space and people who needed to be accompanied could only use the corridor if there was no one else also attempting to move through that part of the building.

12. A 30-bedded unit with these design and structural issues would not provide the economies of scale associated with a larger unit and would therefore be very costly compared to the market and as PPL stated would always have 'limitations'. All of these issues, which have recently emerged, have a significant detrimental impact on what was an evenly balanced financial case for the proposed re-purposing and re-design. The decision is made more difficult by the knowledge that the need for long-term residential dementia provision will not diminish, after all, the demographics for Worcestershire have not changed:

- Higher than average number of older people aged 65 or over (21.2% vs 17.3% England)
- 65+ projected to grow by 34% between 2015 and 2030
- 4859 people in the county on the Dementia Register predicted to increase by two thirds by 2030.

Financial Impact

13. The financial impact of repayment of borrowing the capital for improvements and staffing of the Grange under 'Option 2' would mean that the unit cost per night of each bed would exceed the average market price for dementia care in the Wyre Forest area (£1,068 per week compared to £787 per week). It is important to note that these figures are based on a 95% occupancy rate. The potential weekly bed night cost of the Grange would therefore not represent best value to the Council and its tax-payers and so the February decision needs to be reconsidered in the light of the new information. It should be noted that the short-term care at the Grange can be purchased from the external provider market.

14. The option based on making a capital investment in the Grange also has to be understood and considered in the context of the Council's current financial position. If the Council proceeded with the investment, it would incur a capital cost of up to £3.3m with an associated cost of borrowing; it would be paying 35% above the market price for care; and it would also set a 'benchmark' price at which the Council is prepared to pay for care in Wyre Forest, which would likely have an inflationary effect on the market.

15. The current Adult Services Budget includes provision of £1.311m for the annual cost of the Grange made up as follows:

	£m
Staffing	1.032
Premises Costs	0.094
Other running costs	0.104
Net Operating Budget	<u>1.230</u>
Central Overheads/Recharges	0.081
Total Net Budget	<u>1.311</u>

Provision of Care

16. The Grange is currently providing care for a maximum of 10 people. All of the people are receiving short-term care whether they be people discharged from the Acute (5 beds funded separately through the Better Care Fund (BCF)); or people requiring short-term replacement or emergency care. No service users live at the Grange. The Unit is operating with a number of vacancies but is funded against a staffing structure for the 34 bedded model. These staff are required, despite the low numbers receiving care, because of identified staff needed should the unit have a reason to evacuate speedily.

17. Current forecast running costs are slightly below budget due to savings in certain demand-driven budget lines such as catering.

18. If the Council were to fully cease care at the Grange the impact on current bed provision would be:

- Long-term care – this is not applicable as long-term care is not provided at the Grange
- Short-term 'Rehabilitation and Recovery' beds - in discussions with the CCG, it has been agreed that 5 'Rehabilitation and Recovery' beds would be commissioned from the independent care sector, ensuring that even with the proposed closure of the Grange, the residents of Wyre Forest continue to

receive the same rehabilitation 'offer' within the Wyre Forest area following discharge from hospital and this will continue to be funded via BCF

- The short-term replacement care or emergency care (5 beds) can be found from other providers and purchased from the market place.

Summary

19. Due to the ongoing capital investment issues the Council is paying for a fully staffed unit with low occupancy, and purchasing care from the market for those who would otherwise be in the Grange. This has been mitigated by utilising capacity to provide short-term care but this duplication is unsustainable.

20. Option 1, above, is not viable. The investment of £2.2 - £3.3 million, for Option 2, would still not provide an efficient, effective or modern care service due to the reduced capacity to 30 beds and the remaining structural design issues of the building. Option 2 would also be approximately 35% more expensive than the purchase of alternative care in the market.

21. The Council has a general duty to ensure it delivers best value and this has added imperative given the Council's current budget position. The Grange, even with capital investment, is unable to deliver value for money as it would not be competitive with the external market. The future provision of people with dementia needs will be addressed in a future Cabinet report. In the meantime, the Council will continue to purchase appropriate and safe care from the independent sector as currently.

22. It is therefore recommended that the Grange is not re-purposed as a dementia unit, and that it ceases to provide short-term beds and thus closes by 31 March 2019.

Legal, Financial and HR Implications

23. The Council will continue to meet the needs of service users and ensure that their assessed eligible needs will be met at alternative provision to the Grange. If Cabinet approves the recommendations, Adult Services will not be placing at the Grange from 31 January 2019 in order to limit the impact of any potential disruption and moves.

24. The current net operating cost of The Grange is £1.230m excluding central overheads. The current short-term use of 5 beds at the Grange is funded through BCF and this has not been assumed as an ongoing income line to unit. BCF will be used to purchase these beds in future from the market. There is therefore, no requirement to purchase additional market placements to replace the remainder of the current unused beds within the Grange.

25. The closure of the Grange would therefore generate an ongoing cost reduction against current forecasts of £1.230m from 2019-20 recurrently which would mitigate some of Adult Services' financial pressures. This is based on an anticipated closure date of 31 March 2019. If the actual closure date is later than this the savings in 2019/20 will be reduced by approximately £0.100m for each month the unit remains open.

26. Against this ongoing saving there will be short-term redundancy and actuarial pension costs for which corporate funding is being sought.

27. Upon closure of this service the property would be declared as 'surplus to requirements' and transfer from Adult Services to be held corporately pending disposal or alternative use.

28. Upon the recommendations being accepted and endorsed the following actions would be put in place:

- All people who are receiving care at The Grange are short-term placements and will move on in line with care plans
- Appropriate consultation with recognised Trade Unions and staff would take place in accordance with Worcestershire County Council Employment Policies and Procedures.

Privacy and Public Health Impact Assessments

29. A Privacy and Impact Assessment has been completed and the outcome was that this was low risk. This has been discussed with the Information and Governance Manager and been approved.

30. Upon acceptance of the recommendations appropriate policies and procedures will be enacted and taken for the transferring and archiving of all residents/services users' personal data and information.

31. A Public Health Impact Screening Assessment has been completed. The result of the 'impact assessment' was 'neutral' or 'unknown'. This is mainly because the small number of people in receipt of short-term care would be allowed to finish their rehabilitation. The outcome, of which, for the individual, would be either to return home or seek alternative care provision in line with the recommendations of their support programme.

32. The February Cabinet report noted that there is an increasing need for residential placements for people with high needs dementia and this has been reported before through Cabinet. This provision is, in the majority, met through spot purchasing and the external market. The Adult Services Market Position Statement is being drafted and it is anticipated that this will highlight the need for new commissioning approaches to meet this demand.

Equality and Diversity Implications

33. Cabinet will be well aware of the need to demonstrate that the Council has met its Public Sector Equalities Duties.

34. An Equality Relevance Screening has been completed in respect of these recommendations. The screening did not identify any potential equality considerations requiring further consideration during implementation. As a result, the loss of provision for people with protected characteristics is balanced and met by other services.

Supporting Information

- Jacobs Report: 'High Level Options Paper' May 2018 – available electronically

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Director of Adult Services) the following are the background papers relating to the subject matter of this report:

Cabinet Report: 'Future Use of the Grange, Kidderminster' – 8 February 2018

'Is your care home dementia friendly?' an assessment tool produced by the Kings Fund (2014)