

TO: EXECUTIVE
DATE: 12 MARCH 2019

HEATHLANDS REDEVELOPMENT
Executive Director: People / Director: Finance

1 PURPOSE OF DECISION

- 1.1 To consider a detailed Business Case for the redevelopment of the former Heathlands Residential Care Home as a combined Nursing and Health Care facility and approve that work continues to develop detailed plans for a new building.

2 RECOMMENDATIONS

- 2.1 **That the Executive agrees that the Council continues to work in partnership with the East Berkshire Clinical Commissioning Group and Frimley Health NHS Foundation Trust to;**
- i. Develop the detailed design, progress a Planning application and procure a contractor for a replacement Heathlands facility**
 - ii. Confirm Provider arrangements to enable a full assessment of risk / opportunity**
- 2.2 **That the Executive also agrees to receive a further update on the proposal alongside its consideration of the proposed contractor appointment, including clarification of Provider arrangements, to ensure that the Council's overall level of risk exposure is fully evaluated.**

3 REASONS FOR RECOMMENDATION

- 3.1 Council agreed at its meeting on 27 February 2019 to include a budget of £10.95m in the capital programme for redevelopment of the former Heathlands residential care home, subject to a business case being considered and approved by the Executive in March 2019.
- 3.2 The Business Case presented in this report includes the key strategic and financial considerations for the Council in developing such a facility to address the current shortfall in capacity for Elderly and Mentally Infirm (EMI) nursing and Health intermediate care beds on the site of the former Heathlands residential care home.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council could decide to sell the Heathlands site and generate a capital receipt. However, there is a covenant on the site restricting its use to adult social care which means it has limited financial value.

- 4.2 Selling the site to a private care home provider could result in a care facility being provided, however the Council would lose the ability to determine the nature of the facility, which client groups it would target and to place specific clients in it (particularly those with most complex care needs).

5 BACKGROUND

- 5.1 Following a public consultation in 2015, the Council took the decision in February 2016 to close the Council operated Heathlands residential care home for people with EMI needs and recommission alternative provision for the small number of existing residents. The decision to close the Heathlands care home was taken for the following reasons:
- The residential care home did not meet modern standards for care homes, and people were choosing to go elsewhere for their care;
 - The cost of bringing the care home up to acceptable standards was prohibitively expensive and would require residents to be moved to other care homes while the works were undertaken;
 - The level of voids (empty beds) made the cost of operating the care home unsustainable and there were better quality alternatives available at lower cost.
- 5.2 Subsequently, during 2016 a number of nursing and residential care homes specialising in dementia care closed. This resulted in the loss of 87 EMI nursing care beds in Bracknell Forest which represented a 78% reduction in the total provision in the borough. During that year a total of 5 care homes closed across East Berkshire (Bracknell Forest; Slough; Windsor and Maidenhead) with a loss of 181 beds.
- 5.3 The substantial reduction in the availability of care home beds in the local market created a sharp rise in bed prices. The average weekly cost of an EMI nursing care home placement rose from £700/week to £900/week within a very short space of time, leading to a significant cost pressure on the Council's adult social care budget.
- 5.4 During this period there was also a sharp increase in the number of delayed transfers of care (DTC) from hospital, which further contributed to the pressures in the local health and care system. While DTC levels have been managed down in the intervening period, this remains an ongoing challenge for both the Council and the acute hospital trusts.
- 5.5 Neighbouring local authorities were experiencing similar pressures in both bed prices and DTC and indicated a willingness to work closely together to develop a joint "step up/step down" and complex dementia care facility.
- 5.6 Options to dispose of or re-purpose the Heathlands site were limited because of a covenant on the land restricting its use for residential and day care services for older people. A feasibility study was subsequently conducted to determine options for the future development of the site. This concluded that the site could accommodate a development comprising of a 64 bedded care home and 14 extra care housing units.
- 5.7 Consequently, in February 2017 the Executive approved proposals to:

- Enter into a funding agreement with NHS and Local Authority partners to finance the development of a Full Business Case in respect of developing a new care home on part of the Heathlands site.
 - Subject to entering into agreement seek proposals to redevelop part of the Heathlands site to provide a new care home
 - Subject to entering into agreement seek proposals on other specialist housing on the remaining part of the Heathlands site.
- 5.8 Bracknell Forest Council subsequently approved a £10m capital bid for the nursing home development, on the basis that £7m would be funded by the Council and a £3m contribution provided by the East Berkshire CCG. Although initially it was envisaged that one or more other local authorities may also contribute to the capital costs, this is no longer the case. In September 2018, the East Berkshire CCG submitted an Outline Business Case to NHS England to secure its £3m funding contribution. This has been approved subject to submission of a Full Business Case once planning permission for the building has been obtained and a construction contract awarded.
- 5.9 Due to site constraints it proved not possible to accommodate both the nursing home and the extra care housing on the site. The size of the scheme was therefore reduced to include only the nursing care home and some major reworking was undertaken to help ensure it would comply with the Council's planning policies.
- 5.10 The revised plans and development of detailed resource plans to set up and get the nursing home operationally ready resulted in an increase in the estimated capital funding requirement. A request to increase the capital funding to £10.95m was agreed by Council as part of the 2019/20 budget, with progression of the scheme subject to a full Business Case being presented to Executive in March 2019.
- 5.11 The Business Case is attached as Annex A to this report. Its key conclusions are summarised below:
- A strong strategic case exists to build a local facility to address the shortfall in capacity for EMI nursing and Health intermediate care beds
 - The financial case is finely balanced but improving due to recent market price increases, with a potential payback in under 10 years subject to a number of assumptions, particularly around future market prices
 - There remains uncertainty about the new Heathlands provider and the associated risks and opportunities for partners
- 5.12 Based on this, THE Executive is recommended to approve that detailed work continues to take the project forward, with a further review of the key business case assumptions and the provider arrangements to be undertaken alongside consideration of the construction contract award, expected to be in Summer 2019. An outline Procurement Plan that sets out the proposed approach to delivery of the capital scheme is attached as Annex B.
- 5.13 Alongside this, officers will continue to closely monitor market prices, keep under review the most appropriate mix of complex and non-complex beds to meet changing demand and pursue commissioning opportunities to work with current and new providers in and around the Borough

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The proposal includes provision for the procurement of a contractor. This is set out in the procurement plan which envisages revisiting the Selection Questionnaire issued in 2018 or procuring via a framework. If the former approach is adopted bidders will need to confirm in the first instance whether or not their responses to the exclusion criteria questions still apply. If not it is likely that a fresh SQ will need to be issued.
- 6.2 Constitutionally, the appointment of the successful contractor will need to be approved by the Executive in due course and the works will then be subject to satisfactory planning permission being conferred by the Council in its role as local planning authority. This is set out in the procurement plan.

Director of Finance

- 6.3 The financial implications are detailed in the Business Case attached as Annex 1 to this report.

Equalities Impact Assessment

An initial equalities screening form has been completed and can be obtained on request from the Director: Finance. Positive impacts only have been identified for the proposal.

Strategic Risk Management Issues

- 6.4 A range of strategic risks have been identified and are set out in Appendix 1 to the Business Case attached as Annex A to this report.

7 CONSULTATION

Principal Groups Consulted

- 7.1 No specific groups have been consulted at this stage, although the Heathlands scheme has been included in the Council's budget consultation for the past two years.

Method of Consultation

- 7.2 As above, through the Council's budget consultation.

Background Papers

Annex A – Business Case for the development of a joint EMI nursing care home and intermediate health care facility on the site of the former Heathlands residential care home in Bracknell.

Annex B – Outline Procurement Plan

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