People's Directorate – PROGRAMME MANAGEMENT OFFICE

OUTLINE BUSINESS CASE

Maximising Independence of Adults: Internal Care Review – Care Centres

Purpose

The purpose of this document is to gain approval to proceed to consultation on the proposed options in relation to the Noman Power and Perry Tree Care Centres.

The Business Case focuses on the current practice and situation, market and future of the service. This document describes the proposals for the service, together with an outline of the key issues and challenges faced.

Project Mandate	
Background	**Background and business context** Due to the scale of funding reductions but also the changing times in which we operate, the City Council has recognised that there is a need for radical change in how our organisation works – its role and functions and the culture that determines how we work together with the people of the city. To address these challenges, the City Council set up the Future Council programme during 2015 to deliver an integrated and strategic approach to managing the necessary changes. This has taken on board all the recommendations of the Kerslake review of corporate governance, published in December 2014 and the ongoing advice and support from the Improvement Panel set up at the beginning of 2015. A small part of the Future Council programme has focussed on developing proposals for the Council's internal Specialist Care Service (SCS). In November 2015 the Council released its 2016+ Budget proposals for consultation, one of which concerned the four Care Centres currently owned by Birmingham City Council. Further overall details about the Council's wider approach and the specific proposals can be found in the Council Business Plan and Budget 2016+ Consultation Factsheets. This set out a range of proposals to deliver the savings required to balance future budgets as a result of significant cuts to government funding of Birmingham City Council. The Council Business Plan and Budget 2016+ was approved in March 2016. **Vision Statement** The Council recognises that it cannot provide residential care for older adults in the Care Centres in a way which represents value for money when compared to providers of similar services within the care market. In order to ensure that it achieves better use of public funds, it must now explore alternative options for their future operation. These could include: • Exploring alternative uses for the Care Centres to meet gaps in the current market, including exploring demand for dementia/enhanced assessment beds • Exploring options for further integration and shared use with the National Health Service (NHS) so the Care Centres deliver better health and wellbeing outcomes. • Exploring options to transfer the operation of the Care Centres to other care providers in

	the market. • Exploring options to consolidate the existing residential units into one or more Care Centres. **Outcomes** The Vision is intended to deliver the following outcomes: • Contribution to the reduction in the Council's overall workforce • A shift away from the internal provision of these services • To deliver the savings identified in the Council Business Plan and Budget 2016+. • Improved use of the Care Centres aligned to their high specification, through the delivery of care and support to people either in need of enablement services or with high intensity dementia support needs The savings detailed in the table above represent the total savings requirement. By 2019/20 the Council has identified it needs to make total savings in this area of £1.5m. It projected it would do this by making a saving of £0.3m in 2016/17 followed by and additional £0.4m in 2017/18 and an additional £0.8m in 2018/19.
Service Objectives	**The purpose of the service is:** • The four Care Centres were built as part of the Council's Older Adults modernisation programme. The Care Centres provide long and short term residential provision as well as a range of services to enable people to maximise their independence. • The Centres are currently used to provide a range of services including: o Residential Care for older adults o Intermediate Care (for those stepping up/down from/to hospital) o Older Adults day care (which is the subject of separate proposals considered and approved by Cabinet on 28 June 2016) o Community café and internet access o Information and advice hubs o Rooms for hire which are used by a number of organisations to run activities. • The Care Centres each contain 64 beds split over two floors, half of which are used for long term residential care and half of which are used for Intermediate Care or Enhanced Assessment. The Council operates the long term residential services in all of the Care Centres, as well as 32 Enhanced Assessment Beds on the top floor of the Kenrick Centre. There are currently 64 of the remaining 96 short term beds Intermediate Care/short terms beds are currently leased to Birmingham Community Healthcare NHS Trust for the delivery of Intermediate Care. However,the remaining the 32 Intermediate Care beds at the Norman Power Centre have recently been decommissioned by the Birmingham Community Healthcare NHS Trust . • The Care Act 2014 places the duty on Local Authorities to meet the assessed eligible care and support needs of individuals and their carers when assessed against the National Eligibility Framework. While the Local Authority is not duty bound as an organisation to deliver or provide the care and support itself, it must ensure sufficiency of provision – in terms of both capacity and capability – to meet anticipated needs for all people in their

Net Spend 15/16	Saving in 16/17	Saving in 17/18	Saving in 18/19	Saving in 19/20
£8.940m	(£0.300m)	(£0.700m)	(£1.500m)	(£1.500m)

area who have eligible needs for care and support.
- The bed based services in the Care Centres are regulated by the Care Quality Commission.

Service Demographics

Service locations

There are four Care Centres:

- Norman Power Centre in Ladywood
- Perry Tree Centre in Erdington
- Anne Marie-Howes Centre in Sheldon
- Kenrick Centre in Harborne

Service users

The long and short term residential service is accessed via a social work assessment of need for care and support, confirming the person has an eligible need for care and support.

The residential care beds are occupied by older adults (those aged over 65 years old), who are either frail and elderly or have a diagnosis of dementia.

Occupancy in the intermediate care beds - which are run and managed by the Birmingham Community Healthcare NHS Trust - fluctuates. Currently the 32 beds in Norman Power Centre are not in use after they were decommissioned.

Employees

The service employs the following numbers of staff.

Staff Grade	FTE	Head Count
GR5	6	6
GR4	21	21
GR3	36.5	38
GR2	61.6	103
GR1	38.5	54
Total	163.6	222

(Source: Human Resources January 2016)

Current Position

Current service operation

The current service is provided internally by Birmingham City Council and its employees at a cost of £8.940m per annum.

Performance

Performance of the service is judged on two criteria – service quality and service unit cost as follows:

Service quality

Service quality is assessed using the latest rating of the regulator - the Care Quality Commission (CQC), which has assessed the long term residential services provided by Birmingham City Council in the four Care Centres as follows:

- Norman Power – 'Good' (Inspected April 2016)
- Perry Tree – Compliant (Inspected Feb 2016 under previous regulatory framework)

- Anne Marie Howes – 'Good' (Inspected May 2015)
- Kenrick Centre – 'Requires Improvement' (Inspected Nov 2015)

The quality of care provided from the Care compares well with an external residential care market which also provides care with a range of quality. Birmingham has developed a framework to assess the quality of care home provision. At the end of the 3rd Quarter of 2015/16 (January 2016) 46.3% of older adult homes which contract with Birmingham City Council, were rated as 'good', 45.6% 'required improvement and 8.1% were 'inadequate'. (Source: Provider Quality Performance Report – January 2016)

Unit cost

The average unit cost of a residential care bed in one of the four Care Centres was £1,035 per week in 2015/16. The Council's provision in the Care Centres represents less than 3% of the market in Birmingham and the majority of older adult residential care is commissioned from independent providers. In 2014/15 the average weekly cost of a bed from the external market in Birmingham was (2015/16 figures are not yet available):

- Residential care - £511.21
- Residential care with dementia – £520.93
- Nursing care – £524.70
- Nursing care with dementia - £540.75

Need for change / Drivers

The following drivers for change have been identified:

Policy

- The emerging Adults Transformation programme – Maximising the Independence of Adults sets out a series of plans, proposals and activity to deliver benefits and savings to reduce the predicted gap between increasing demand for service and reducing budgets .
- Between November 2015 and January 2016, the Council consulted upon its Budget proposal for 2016+ in order to deliver in excess of £250m of savings (equating to 25% of its total budget).
- Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need.
- The Council intends to move away from a system of mainstream funding of services.
- The Council and the NHS are committed to working closer together and through the Sustainability and Transformation Plan (STP) process described in the covering Cabinet Report, are seeking opportunities to develop improved integration in terms of the services both organisation's commission.

Financial

- The Council is required to make significant savings as detailed in the Council Business Plan and Budget 2016+. The internal Specialist Care Services – Care Centres service has been identified as a contributor to these wider savings plans.
- The Council recognises that it cannot provide residential care for older adults in the Care Centres in a way which represents value for money when compared to providers of similar services within the care market.
- The Council provides residential care in the Care Centres at a cost of £1,035 per week. It can readily buy residential care from the external market for in the region of £500 per week depending on the complexity of the support required.
- With the exception of the Kenrick Centre, the Council leases 32 beds in each of the other three Care Centres to Birmingham Community Healthcare NHS Trust (BCHC) who

utilise the space to provide Intermediate Care beds. Having two separate providers within a single building is not the most efficient method of operation because of the duplication of some management and administrative costs. A single provider in each Care Centre would enable operational savings and efficiencies.

- The lease arrangements with the NHS at the Perry Tree Centre and Anne Marie Howes Centre have had break clauses enacted and operate on a rolling basis month to month to enable any of the options being considered in this Outline Business Case to be implemented.
- The lease at the Norman Power Centre has had the break clause enacted and is due to expire in November 2017. BCHC have however already ceased using Norman Power to provide Intermediate Care beds.

Future Demand Projections

- Birmingham has a relatively young population compared to England as a whole. However, people are living longer and this is reflected in Birmingham's future demography.
- There were estimated to be 143,800 people aged 65 and over living in Birmingham in 2014; of which almost 42,000 are aged over 80. People are living longer, which means that the population over 65 is predicted to increase by 29% by 2030; and in particular there will be around 58,000 people aged over 80, which is a significant increase of almost 40%.
- The number of people estimated to have dementia is also predicted to increase in step with this to over 14,000 people by 2030. (Source: Birmingham City Council Market Position Statement for Older Adult Social Care 2015)
- It is difficult to translate general projections of population increases into future demand for specific services like residential care, as so many different factors determine which services people will require and at which point in their lives. A flexible system is therefore required, which offers people choice, but that is able to expand and contract capacity when demand for services requires this.
- In addition to residential care, the Care Centres are used to provide Intermediate Care. The numbers of this type of Recovery or Enhanced Assessment Bed have been increasing in recent years, as Birmingham's health and social care system has continued to address delayed transfers of care out of hospitals for those who are medically well enough and also supporting a reduction in the number of hospital admissions.

Market analysis

- Birmingham has a large and established market for residential and nursing homes for older adults'. Currently within Birmingham there are 83 residential care homes, and 51 nursing homes caring for people aged over 65. There are around 2,500 beds within residential homes, and 2,200 beds within nursing homes within the city. Generally, homes for older adults' are larger than those for younger adults; the average size of an older adult home in Birmingham is around 35 beds.
- Around half of the older adults' care homes in the city say they are suitable for people with dementia.
- The Council has identified a requirement for additional dementia nursing beds specialising in supporting people with challenging behaviour. It has consistently found it hard to find appropriate placements for people with dementia and associated challenging behaviour in a timely manner, indicating a shortage of this type of provision in the market.
- Birmingham's intention is to reduce dependence on low dependency residential care

	by offering alternative options to people, for example housing with care options such as Extra Care or Supported Living or support to live in their own homes. (Source: Birmingham's Market Position Statement for Older Adult Social Care 2015)
Scope	The internal Specialist Care Service (SCS) Care Centres.

PROJECT DEFINITION	
Way Forward	To consult upon a range of proposals, to determine the best future use and operation of two of the four Care Centres (Norman Power Centre and Perry Tree Centre).
Dependencies	• The capacity of an implementation team of Social Workers to carry out the required assessment and support planning work with existing service users and implement the recommended option. • The Maximising Independence of Adults' – Internal Care Services – Older Adults' Day Care project which includes proposals in relation to the five internal day care services for older adults operating from the existing four Care Centres, including a proposal to close the services • Joint NHS and Council decision making through the Sustainability and Transformation Plan governance processes.

Options Appraisal

<table>
<tr><td>Option 1</td><td>No change</td></tr>
<tr><td>Information Considered</td><td>Analysis of the following was carried out: market costs, market quality, market capacity.

Finance
• The net operational saving to the Council of the implementation of this proposal is detailed in the table below:
<table>
<tr><td>2016/17
£000</td><td>2017/18
£000</td><td>2018/19
£000</td><td>2019/20
£000</td><td>2020/21
£000</td></tr>
<tr><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table></td></tr>
<tr><td>Assessment of Option</td><td>Delivery of identified outcomes:

Pros
• None

Cons
• This option does not take advantage of opportunities to deliver improved outcomes through partnership working or integration of health and social care.
• This option does not deliver the financial savings detailed in the Council Business Plan and Budget 2016+.
• This option does not contribute to the reduction in the Council’s overall workforce</td></tr>
<tr><td>Stakeholders engaged.</td><td>A range of internal stakeholders have been consulted. Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.</td></tr>
<tr><td>Recommendation</td><td>Following initial analysis by the Council this Option is <u>not</u> preferred for implementation but is subject to consultation.</td></tr>
<tr><td>Principal Reason for Decision</td><td>The option does not deliver significantly against the identified outcomes.</td></tr>
</table>

Option 2	**Stop delivering residential care in Norman Power and Perry Tree Centres and change the use of the beds to deliver step-up / step-down recovery beds to be delivered by organisations external to the Council.**
Information Considered	Under this option the Council would stop delivering residential care at Norman Power and Perry Tree Care Centres. The Council would lease the Care Centres to alternative providers. People who are currently resident would be given a reassessment of their eligible care and support needs, assistance in planning their future care and support, and to find alternative accommodation. People would be offered alternative accommodation in other residential homes in the City. Under this option the ownership of the Care Centre buildings would be retained by the Council and the buildings leased to alternative providers external to the Council. The NHS and Council, using pooled resources and a joint commissioning approach through the Better Care Programme and Sustainability Transformation Plan, would commission organisations to deliver step-up / step-down recovery beds as part of the development of a wider community based 'Recovery team' model. This model would be designed to reduce the number of older people being admitted to hospital and to speed up the discharge of those who do get admitted. The model proposes to commission these step-up / step-down beds in a small number of hubs at different locations in the City and to decommission a number of existing step-up / step-down beds currently purchased by Birmingham City Council and also from a number of NHS Clinical Commissioning Groups from independent residential and nursing care homes in the City. Under this proposal Norman Power and Perry Tree Care Centres would become the first two step up / step down hubs and would also become the base of the multi-disciplinary community recovery teams whose key aim is to support people to live as independently as possible in their own homes. It is anticipated that this proposal would deliver the following benefits: • Common strategy delivered by integrated teams will deliver better outcomes to citizens. • Rationalisation of the short term provision will enable commissioners to assure and control quality of the provision by having short term beds centralised. The current model whereby providers can have as few as 3 of these short term beds, means this service is spread over a large number of smaller providers with varying quality. • Efficiencies and standardisation will realise financial savings by having short term beds centralised. The current model whereby providers can have as few as 3 of these short term beds, means this service is spread over a large number of smaller providers with varying quality and potentially duplicated management costs. Under this proposal the Council would intend to stop providing residential care on a phased basis in the Care Centres. There is a significant dependency on this proposal that would require Sustainability and Transformation Plan partners to agree to the implementation of the described multi-disciplinary model. There is a risk that partners may not agree which would impact upon the implementation or change the plans.

	The Council intends to consult first with services users and other stakeholders of Norman Power Centre between August and November 2016, due to the underutilised capacity since the Birmingham Community Healthcare NHS Trust ceased using 32 beds. Depending on the outcome of this consultation the Council will pause for a period of reflection, before commencing further consultation with the service users and stakeholders of Perry Tree Centre in February 2017. **Finance** • The Council can purchase residential care at a more advantageous rate than it can deliver itself. This will deliver operational savings. • The net operational saving to the Council of the implementation of this proposal is detailed in the table below:

2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
126	(562)	(647)	(735)	(823)

Assessment of Option	**Delivery of identified outcomes:** **Pros** • This option takes advantage of opportunities to deliver improved outcomes for service users through partnership working or integration of health and social care. • This option delivers some of the financial savings detailed in the Council Business Plan and Budget 2016+. • This option contributes to the reduction in the Council's overall workforce. **Cons** • Under this option, current residents would have to move into alternative accommodation. This may be difficult for residents and families. **Additional considerations** • The continued use of the buildings to perform a key role in the delivery of care and support in the City would be secured in the short / medium term. • The buildings were built to a high specification and would be used to deliver services to people with complex support needs, as originally intended. • Many of the residents in the Care Centres have dementia and there is a risk that moving to alternative accommodation will not be beneficial. • The proposed future provision represents a significant change from what is provided currently by Birmingham City Council and as a result TUPE may not apply to those staff currently working in the four Care Centres. • Where a link to a role previously provided by Birmingham City Council can be shown, TUPE may apply and a detailed analysis of current workforce will be required to ensure it cannot be claimed that there has been a transfer of business and/ or services. • This will require detailed due diligence and any commissioning or procurement activity will require legal advice to ensure that current staff are dealt with appropriately. • Where it can be shown that TUPE does not apply then the closure of the

	buildings will give rise to a redundancy situation and costs will need to be considered.
Stakeholders engaged	A range of internal and external stakeholders have been consulted. Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.
Recommendation	Following initial analysis by the Council this option is preferred as part of a stepped programme of change resulting in the eventual exit from all of the Council's four Care Centres and is subject to consultation. It will allow time for the market to be shaped and for the Council to further manage any risks associated with an exit from service provision.
Principal Reason for Decision	The option delivers significantly against all of the identified outcomes.

<table>
<tr><td>Option 3</td><td>Use the Care Centres for the delivery of high dependency dementia nursing care, but to be provided by organisations external to the Council</td></tr>
<tr><td>Information Considered</td><td>Under this option the Council would stop delivering residential care at the two Care Centres (Norman Power and Perry Tree Centre's). The Council would lease the buildings to alternative providers to deliver high dependency dementia nursing care. People who are currently resident would be given a reassessment of their eligible care and support needs, assistance in planning their future care and support, and to find alternative accommodation. People would be offered alternative accommodation in other residential homes in the City.
The Council has identified a need for additional high dependency dementia nursing care beds across Birmingham. It has consistently found it hard to find appropriate placements for people with dementia and challenging behaviour in a timely manner, indicating a shortage of this type of provision in the market. This option may support the development of these services.

Under this option the ownership of the Care Centre buildings would be retained by the Council and the buildings leased to alternative providers external to the Council.

By using the Care Centres solely for high dependency dementia nursing care, the Council could create additional capacity, to deliver the type of care placements it requires.

The Council intends to consult first with services users and other stakeholders of Norman Power Centre between August and November 2016, due to the underutilised capacity since the Birmingham Community Healthcare NHS Trust ceased using 32 beds.

Depending on the outcome of this consultation the Council will pause for a period of reflection, before commencing further consultation with the service users and stakeholders of Perry Tree Centre in February 2017.

Finance
• The Council can purchase residential and nursing care at a more advantageous rate than it can deliver itself. This will deliver operational savings.
• The net operational saving to the Council of the implementation of this proposal is detailed in the table below:

<table>
<tr><td>2016/17
£000</td><td>2017/18
£000</td><td>2018/19
£000</td><td>2019/20
£000</td><td>2020/21
£000</td></tr>
<tr><td>126</td><td>(562)</td><td>(647)</td><td>(735)</td><td>(823)</td></tr>
</table>
</td></tr>
<tr><td>Assessment of Option</td><td>Delivery of identified outcomes:

Pros
• This option takes advantage of opportunities to deliver improved outcomes for service users through partnership working or integration of health and social care.
• This option delivers some of the financial savings detailed in the Council Business Plan and Budget 2016+.
• This option contributes to the reduction in the Council's overall workforce.</td></tr>
</table>

	Cons • Under this option, a large proportion of current residents would have to move into alternative accommodation as they do not require high dependency dementia nursing care. This may be difficult for residents and families. **Additional considerations** • The continued use of the buildings to perform a key role in the delivery of care and support in the City would be secured in the short / medium term. • The buildings were built to a high specification and would be used to deliver services to people with complex support needs, as originally intended. Many of the residents in the Care Centres have dementia, albeit not necessarily the high dependency dementia nursing care considered under this option. There is a risk that moving to alternative accommodation will not be beneficial and may impact on the life expectancy of some residents. The proposed future provision represents a significant change from what is provided currently by Birmingham City Council and as a result TUPE may not apply to those staff currently working in the four Care Centres. • Where a link to a role previously provided by Birmingham City Council can be shown TUPE may apply and a detailed analysis of current workforce will be required to ensure it cannot be claimed that there has been a transfer of business and/ or services
Stakeholders engaged	A range of internal stakeholders have been consulted. Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.
Recommendation	Following initial analysis by the Council this option is the second preferred option as part of a stepped programme of change resulting in the eventual exit from all of the Council's four Care Centres and is subject to consultation. It will allow time for the market to be shaped and for the Council to further manage any risks associated with an exit from service provision.
Principal Reason for Decision	This option significantly delivers against all of the outcomes.

4. Budget and management information
Please see above Options for summarised financial information.

5. Project Development Requirements/Information	
Products required to produce Full Business Case	• Consultation Plan and associated consultation materials • Consultation Outputs • Updated Equality Assessment • Reassessment of service user/carers needs
Estimated time to complete project development	4 Months from Permission to Consult being granted.
Estimated cost to complete project development	No direct costs have been identified at present to enable the project to develop to the Full Business Case stage.
Funding of development costs	N/A
EIA: the main risks so far identified a strategy for managing them and need for any contingency arrangements.	An initial Equality Assessment has been completed and will be revised and updated as the project develops towards a Full Business Case. The Equality Assessment has considered the options contained in the Outline Business Case and currently identifies that the proposals would have the most significant impact on those with the following protected characteristics; age; disability; and gender. These will be the focus of the Equality Analysis as it develops throughout the consultation period and in developing the Full Business Case.