

## People's Directorate – PROGRAMME MANAGEMENT OFFICE

### OUTLINE BUSINESS CASE / PROJECT DEFINITION DOCUMENT

#### Maximising Independence of Adults': Older Adults' Day Care Service

#### Purpose

The purpose of this document is to gain approval to proceed to consultation on the proposed options in relation to the Older Adults Day Care Service.

The Outline 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 required but also the changing times in which the Council operates, it is 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 internal Older Adults Day Care service.

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

Birmingham City Council intends to reorganise its internally provided services, so that people may choose to buy these or different community based services which meet their assessed eligible needs for care and support. Government guidelines prevent the use of a Direct Payment to purchase services run by the Council. 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 gives people a personal budget, of which all or some can be taken as a Direct Payment, to spend on their care and support services. In the longer term this means we need

to move away from mainstream funding the present Council Day Services. The Council will also continue to encourage eligible service users to take their personal budget as a Direct Payment, from which they can buy a range of services including traditional day care, support from a personal assistant, or other types of community based support. The Council's approach will be to encourage people to manage their own resources and care wherever they can to maximise their independence.

To do this we intend to:

- Involve people in deciding the type and style of services that are needed.
- Develop local alternatives that people can choose to spend their Direct Payment on should they choose to have their assessed eligible needs for care and support to be met in this way.
- Explore closing Council run services or look at running these services under different ownership such as a social enterprise or user led organisation, on which people can chose to spend their Direct Payments.
- Work with communities and other care providers to develop alternative community based services that people can purchase with a Direct Payment.
- We will not make any changes to people's services until we have carried out a reassessment of people's needs.

#### **Outcomes**

The vision is intended to deliver the following Outcomes:

- Financial savings to the public purse.
- Contribution to the reduction in the Council's overall workforce
- A shift away from the mainstream funding of services to giving eligible people choice and control through a Direct Payment
- An increase in the range of services people can buy with a personal budget through a Direct Payment

#### **Service Objectives**

The service is geared toward providing a day service for Older Adults. A significant number of service users attending the service will have a diagnosis of dementia, but this is not the case for all service users. The objectives set for the service are:

- To provide a service which will deliver day opportunities for Older Adults, with substantial or critical needs, which cannot be met by other local authority/ third sector services. All current service users have had an assessment and an individual service agreement and care plan is in place.
- The establishment and ongoing development of Elders' groups which incorporate a number of key principles, service components and standards to help older people to live as independently as possible, and be supported in their preferred lifestyles.

The primary functions of the service were described as:

- Providing opportunities for social contact, mental stimulation and physical exercise,
- Meeting each individual's assessed needs within a group setting.

The service offers:

- A Person centred approach with the full involvement of the group member (and advocate if appropriate)

	<ul style="list-style-type: none"> <li>Activities and support identified by and relevant to the individual.</li> <li>Varied and “meaningful” activities for group members based in the community. Activities that add value to the individual’s life, which can be measured in terms of the outcomes they bring about.</li> <li>Regular liaison with the community links service to provide advice and support to encourage social inclusion, user control and choice.</li> </ul> <p>The general service principles, are defined as;</p> <ul style="list-style-type: none"> <li>Ensure high service standards and measuring success against clear goals and criteria related to the seven outcomes, from the “White Paper” (2006)</li> <li>Be accessible to all existing eligible and potentially eligible service users, and be relevant to individual needs arising from race, culture, faith gender, disability and sexuality.</li> <li>Aim to give people, as individuals, influence or control over the service and support provided.</li> <li>Actively involve members and carers in both individual work and the ongoing design of services.</li> <li>Meeting the diverse needs of individuals through a variety of activities and partnerships.</li> <li>Ensuring that all work, interventions and contacts help promote independence, choice and control.</li> <li>Awareness at all times, of the needs of carers for appropriate and timely support.</li> <li>Proactive monitoring of members’ capabilities to promote alternative services through effective signposting and timely transfer, including the promotion of Direct Payments and Individual Budgets</li> <li>Support members and carers throughout by providing accurate and timely information about what is available, what to expect, and what happens next.</li> <li>Increasing choice for service users and carers.</li> <li>Ensuring staff are supported and provided with the tools, information and management systems to be effective.</li> </ul>
--	---

Service Demographics	<b>Service locations</b> The service is delivered from the following sites, ‘Stand-alone’ sites; <ul style="list-style-type: none"> <li>Boldmere – Sutton Coldfield</li> <li>African Caribbean Centre – Kings Heath</li> <li>Magnolia House – Highgate (merged with Norman Power Elders Group April 2016)</li> <li>Shakti Day Centre- Highgate</li> </ul> <p>The Elders groups are provided from within the four care centres which are;</p> <ul style="list-style-type: none"> <li>Norman Power Centre – Ladywood (and Including Magnolia House service users)</li> <li>Anne Marie Howe’s Centre - Sheldon</li> <li>Kenrick Centre - Harborne</li> <li>Perry tree Centre – King standing</li> </ul>									
	<b>Service users</b> <table border="1"> <thead> <tr> <th>Older Adult Services</th><th>No. of service users</th><th>No. of service users with dementia needs</th><th>% of people with dementia needs</th></tr> </thead> <tbody> <tr> <td>Norman Power Centre</td><td>40</td><td>16</td><td>40%</td></tr> </tbody> </table>			Older Adult Services	No. of service users	No. of service users with dementia needs	% of people with dementia needs	Norman Power Centre	40	16
Older Adult Services	No. of service users	No. of service users with dementia needs	% of people with dementia needs							
Norman Power Centre	40	16	40%							

Magnolia House	27	17	63%
African Caribbean Day Centre	33	19	58%
Ann Marie Howes Centre	46	36	78%
Shakti Day Centre	54	10	19%
Kenrick Centre	44	33	75%
Boldmere	30	25	83%
Perry Tree Centre	37	26	70%
	311	182	59%

### Employees

The service employs the following numbers of staff.

Staff Grade	Head count	FTE
GR5	4	4
GR4	3	1.87
GR3	8	6.95
GR2	47	39.95
Grand total	62	52.77

### Current Position

#### **Current service operation**

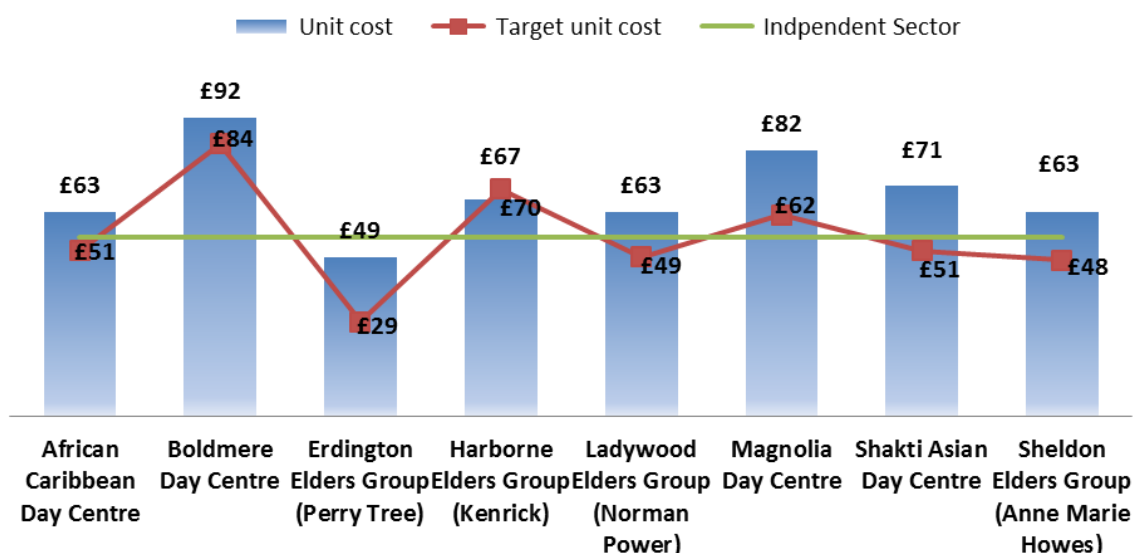
The current service is operated using mainstream funding at a cost of £1.453m per annum. People using the service are allocated a number of 'days' per week on an individual basis dependent on the assessment of their assessed eligible need for care and support.

#### **Performance**

Performance of the internal services are judged on four criteria – service quality, service occupancy, service unit cost and accommodation.

#### **Cost**

With the exception of one, all of the older adult day service sites have high unit costs, when they are compared to the independent sector. In the chart below the green line indicates the bench mark cost for Older Adult Day Care (Source: BCC Finance), the red line being the target cost set for internal Older Adult Day Care services. The target cost was set by the Council and is based upon matching occupancy rates that were achieved by external providers following a benchmarking review carried out by Capita in 2013. Based on the financial data provided it is clear that none of the internal day services sites have been able to reach the financial target for unit costs, except Perry Tree Elders Group that has come in at £49.00, under the independent sector bench mark cost of £55.50 (based on the top of the range) and in that sense represents good value for money.



The budget for Older Adult Day Care Service is as follow:

Total Budget	
Direct Employees	1,192,598
Agency	
Indirect Employees	100
Premises	63,600
Transport	156,790
Supplies and Services	46,100
Recharges	23,800
Income	(29,700)
<b>Grand Total</b>	<b>1,453,288</b>

#### Occupancy / use of the service

At November 2015/16 the average occupancy across the services was 79% of total capacity. In 2014/15 occupancy averaged 77% and 2014/14 averaged 66%. The target occupancy is 90%.

Over the last three years all of the day centres have experienced below target occupancy and this has had the effect of increasing the unit cost of the service.

In an attempt to increase occupancy levels there have been various approaches made by day centres, to change opening hours, offer specific dementia services and encourage volunteers. This has not significantly increased uptake of the service.

Approximately 300 people use the Day Centres each week. People attend a variety of different days and not all of the Centres are open 5 days a week.

### **Service quality**

The services are not regulated by the Care Quality Commission. The internal service has developed its own set of standards, based upon research of day service standards frameworks from across the country. It uses this to provide quality assurance.

In addition the service has carried out an internal review of the older adults' day services. This identified the following key issues:

- Inconsistency in of service offer across the provision. Some services focus on providing support to people with dementia needs while others focus on aged, frail and socially isolated people.
- Inconsistency in hours of business including weekend working. For example, a Saturday facility is offered in two of the services but not in the others.
- Personal care is provided at certain sites and not at others.
- Inconsistent transport offer – some centres pick up service users within a 3 miles radius others within a 5 mile radius. This leads to long and unnecessary journey times for some service users.

### **Accommodation / buildings**

The four “stand-alone” day centres provide a service from buildings where there are a number of issues, in terms of the suitability of the building and/ or the tenure status.

- Shakti Day Centre and, until recently Magnolia House Day Centre, are located within part of an old residential home owned by the City Council. The building is a 1960s construction, with 80% of the building being was leased to a local college who occupied 80% of the accommodation. The lease expires in August 2016 but the college ceased using the building in July 2015. The day centres are located in two areas of the building sub-let back to the City Council. The building is in a poor state of repair, and with large parts of the building empty, the immediate vicinity of the building has attracted drug users, and fly tippers. As a result of ongoing issues with the building heating system, in April 2016 Magnolia House Day Centre (currently 27 service users) was transferred to The Norman Power Care Centre to merge with the existing Ladywood Elders group. However, at the request of service users, the Shakti Day Centre has remained in situ until such time as the future of the service is determined. The Council has identified that there are significant costs associated both with the ongoing maintenance of the building and to modernise it to an acceptable standard, and does not have any identified use for the remainder of the building being returned to the City Council in August 2016. To be viable the Council also needs to find another occupier and this is likely to be difficult with the building in its current state. The Council has identified that it could gain significant capital receipts and the resultant ongoing revenue stream from the site if it were to be sold and redeveloped.
- Boldmere Day Centre uses rooms rented from a third sector organisation. Work is currently ongoing to formalise the agreement and establish reasonable notice periods for both parties.
- African Caribbean Day Centre (ACDC) operates three days per week from a Council owned community centre, underpinned by a legitimate rental agreement. As part of wider reviews of services and budget savings requirements, the Council is also considering the future operating model of its community centres. This represents a risk to the future operation of the service at its current location.
- The 4 Elders Groups are located within modern, purpose built Care Centres which are the subject of separate proposals as part of the Council Business Plan and Budget 2016+. Each

group is located within a large room with an adjoining kitchenette. People using the Centres have access to the other public and communal facilities.

### **Need for change / Drivers**

#### **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 .
- The Council consulted on and approved its Council Business Plan and Budget 2016+ in order to deliver in excess of £250m of savings. Further work is also being carried out to revise and clarify the proposed approach to delivering each of the savings identified and the impact on those currently in receipt of these services .
- The Council intends to move away from a system of mainstream funded internal provision. 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. As part of this, the Council gives people a personal budget, of which all or some can be taken as a Direct Payment to spend on their care and support services. The City Council will be encouraging eligible service users to take up this budget as a Direct Payment, from which they can buy a range of services including day care services

#### **Financial**

- The Council is required to make significant savings as approved in the Council Business Plan and Budget 2016+ including savings proposals for the SCS Older Adult Day Service.
- The building used for Shakti Centre requires significant capital investment if it is to remain viable in the medium to long term. There is the option to gain a significant capital receipt estimated in the region of £500,000 and resultant revenue stream if the building were sold.

**Market Analysis – Service cost** – Analysis of the cost of service delivery indicates that the internal services are more expensive than alternative providers in the private or 3<sup>rd</sup> sector. The average cost of one day in a Birmingham City Council Older Adults' Day Centre is £72 (April 2015 – March 2016). Intelligence gathered from other providers indicates a unit cost of between £25 and £55.50 per day dependent on the level of an individual's eligible assessed care and support needs. There is scope therefore to make financial savings.

#### **Buildings**

- The standalone centres occupy buildings with some financial risks, lack of security over tenure and future use, or require improvement and modernisation. This does not make them viable propositions for use in the medium to long term.
- The use of the Care Centre buildings is also currently under review which may mean that in the long term it will no longer be possible to operate day services from these facilities.

#### **Occupancy**

Over the last 3 years the occupancy has been below the target of 90%. In 2015/16 it was 79%, in 2014/15 it was 77% and in 2013/14 it was 66%.

#### **Future Demand Projections**

- Birmingham is 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's Market Position Statement for Older Adult Social Care 2015)

### **Market capacity**

#### **Current**

- There is a range of day centre based provision for older adults across the City. Excluding the Council owned day centres there are 72 day centres for people over the age of 65. Some of these have the facilities and trained staff to deliver personal care and support to people with dementia related needs. These services have been developed by community organisations, groups and clubs or 3<sup>rd</sup> sector organisations, although some private care providers have also developed services.
- In addition there are at least 19 other organisations offering day activities for older adults, rather than traditional building-based care.
- Following discussion with a number of these providers it is clear that there is some existing spare capacity within these current services to accommodate more people.
- There is also recognition among the 3<sup>rd</sup> sector provider organisations of a shift in how there services will be funded in the future. While many organisations have been reliant on an element of Council grant funding, which is also reducing, there is now recognition that people with assessed eligible needs will be able to purchase their services with their own funds via a Direct Payment.

#### **Developing capacity**

- Following the Budget consultation the following organisations have approached the Council and signalled interest in developing new or existing day opportunities services for people who are self-funding or have opted for a Direct Payment to buy services to meet their needs:
  - Age Concern offer services for frail elderly people, people who are socially isolated and those people with dementia related needs. Age Concern already provide day services to self-funders and Direct Payment recipients.
  - Age Concern currently operates 6 Wellbeing Centres across the city. They have identified spare capacity within centres and have also indicated they wish to expand the provision.
  - Age UK currently operate 3 centres. They also have some spare capacity within the existing services, but have also indicated the ability to extend the number of day's provision if demand is sufficient. Age UK already provide day services to both self-funders and Direct Payment recipients. Both Age Concern and Age UK have indicated that they wish to work together as partners to develop their future service offer.
  - Extra Care Charitable Trust (ECCT) operates 4 Extra Care Villages across the city and are developing 1 more. The organisation is keen to open its doors to the local community and have proposed to develop a day service at Pannel Croft Care village in Newtown. Promotion of health and wellbeing is at the heart of the Extra Care philosophy and the Day Service will be underpinned by this approach. ECCT propose to offer a menu of activities based around: Improving physical wellbeing, stimulating memory and promoting mental health, and supporting maintenance of social skills and activities of daily living. In addition, users of the service will have



	<p>access to the Village's other services and facilities including gym, cinema room, shop, hairdresser, bar and restaurant. ECCT can accommodate between 20-30 people per day. ECCT have indicated that they will seek to roll out the model across their other Care Villages if this venture is successful.</p> <ul style="list-style-type: none"> <li>• During the consultation process the Council intends to carry out further engagement with providers of day opportunities in order to assess the market's ability to develop new services and ensure there are sufficient choice of services available to people.</li> </ul>
<b>Scope</b>	Older Adult Day Care Service

<b>PROJECT DEFINITION</b>	
Way Forward	To explore various options including whether to decommission the Older Adult Day Care Service.
Overall Project Dependencies	<ul style="list-style-type: none"> <li>• Requirement to undertake further consultation</li> <li>• Cost of Staffing redundancies / ability to capitalise cost</li> <li>• The ability of the external market to deliver alternative replacement services</li> </ul>

## Options Appraisal

Option 1	No change															
Information Considered	<p>It is not tenable to do nothing in this circumstance for the following reasons</p> <ul style="list-style-type: none"><li>• The service was subject to review before the Birmingham City Council Budget 2016 consultation which demonstrated that the service is disjointed, does not have a clear service offer, is expensive and does not represent value for money in its present form</li><li>• The service is in need of review and revamp to ensure it meets the needs of the service users it seeks to support, and that it represents best value for money</li><li>• The current home- to- centre transport is provided internally, however there is insufficient capacity to maintain the present service in the longer term and to develop a service in line with constantly increasing demand without investment in new fleet</li><li>• Insufficient capacity and space to expand service to other groups in line with any future potential increased demand</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• The net operational saving to the Council of the implementation of this proposal is detailed below:</li></ul> <table><tr><th colspan="5">Net saving £</th></tr><tr><th>2016/17</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th></tr><tr><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	Net saving £					2016/17	2017/18	2018/19	2019/20	2020/21	0	0	0	0	0
Net saving £																
2016/17	2017/18	2018/19	2019/20	2020/21												
0	0	0	0	0												
Pros and Cons of Option	<p><b>Delivery of identified outcomes</b></p> <p><b>Positive</b></p> <ul style="list-style-type: none"><li>• None</li></ul> <p><b>Negatives</b></p> <ul style="list-style-type: none"><li>• The option does not deliver savings to the public purse</li><li>• The option does not contribute to a reduction in the Council’s overall workforce</li><li>• The option does not represent a shift away from mainstream funding of services to giving eligible people choice and control through a Direct Payment</li><li>• The option does not increase the range of services people can buy with a Direct Payment should they choose to take one.</li></ul>															
Stakeholders engaged.	A range of internal stakeholders have been consulted including Legal & Democratic Services, Corporate Procurement Services, Birmingham Property Services, Specialist															

	Care Services and the Commissioning Centre of Excellence Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.
<b>Recommendation</b>	Following initial analysis by the Council this Option is <u>not</u> preferred for implementation, but is subject to consultation.
<b>Principal Reason for Decision</b>	The option does not deliver against any of the identified outcomes.

Option 2	Close the Internal Older Adults Day Centres and shape the care market to deliver a suite of alternative options for people to buy with their Personal Budget via a Direct Payment.															
Information Considered	<p>This option would result in the closure of the 8 Older Adult Day services. Service users will have their care and support needs reassessed and will be offered a Personal Budget to decide how their assessed eligible needs for care and support can be met. One option would be to take a Direct Payment to purchase alternative services to meet their needs.</p> <p>The SCS Older Adults Day Centres are expensive when compared to alternative available provision.</p> <p>There is no evidence that the SCS services provide better quality care than alternative providers.</p> <p>A range of provision is offered by the market. A Community mapping exercise has been undertaken and has identified approximately 100 organisations and services delivering Day Centre and non-Day Centre based services to adults over the age of 65 across Birmingham. These range from small groups, activity coordination, befriending services to day centres. The alternative provision is able to meet a range of needs ranging from those associated with being frail and elderly, social isolation, and dementia.</p> <p>Consultation would enable further discussions with providers to shape and develop alternative provision, with input from the people using the Council’s current day centres.</p> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• Sale of the building housing Shakti Day Centre will generate a one-off capital receipt – estimated to be in the region of £500,000. This will produce an annual revenue stream of £37, 500 for the service area.</li><li>• The net operational saving to the Council of the implementation of this proposal is detailed in the table below. Savings are contained in brackets, costs are not:</li></ul> <table><tr><th colspan="5">Net saving £000</th></tr><tr><th>2016/17</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th></tr><tr><td>39</td><td>(340)</td><td>(415)</td><td>(539)</td><td>(539)</td></tr></table>	Net saving £000					2016/17	2017/18	2018/19	2019/20	2020/21	39	(340)	(415)	(539)	(539)
Net saving £000																
2016/17	2017/18	2018/19	2019/20	2020/21												
39	(340)	(415)	(539)	(539)												
Pros and Cons of Option	<p><b>Delivery of identified outcomes</b></p> <p><b>Positives:</b></p> <ul style="list-style-type: none"><li>• The option does delivers significant savings to the public purse</li><li>• The option contributes to a reduction in the Council’s overall workforce</li><li>• The option represents a shift away from mainstream funding of services to giving eligible people choice and control through a Direct Payment</li><li>• The option could increase the range of services people can buy with a Direct Payment</li></ul>															

	<p><b>Negatives:</b></p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p><b>Additional risk</b></p> <ul style="list-style-type: none"> <li>• Potential of employee redundancies</li> <li>• Potential impact of change on service users</li> </ul>
<b>Stakeholders engaged.</b>	A range of internal stakeholders have been consulted including Legal & Democratic Services, Corporate Procurement Services, Birmingham Property Services, Specialist Care Services and the Commissioning Centre of Excellence. Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.
<b>Recommendation</b>	Following initial analysis by the Council this option is <u>preferred</u> , but is subject to consultation.
<b>Principal Reason for Decision</b>	The option delivers against all of the identified outcomes.

<b>Option 3</b>	<b>Retain the centres that are within Care Centres and develop them into specialist dementia services and close the other three standalone centres</b>
<b>Information Considered</b>	<p>This option would reconfigure the service, by still allowing a residual service to remain operational.</p> <p>This option would still require formal consultation for permission to decommission the day services and still require a redundancy process as the numbers of staff would be reduced.</p> <p>The three sites to be considered for closure</p> <ul style="list-style-type: none"> <li>• Boldmere, Erdington</li> <li>• Shakti Day Centre, Highgate</li> <li>• African Caribbean Day Centre, Kings Heath</li> </ul> <p>The Directorate would need to give notice to landlords of the buildings where Boldmere and the African Caribbean Day Centre's are based. Shakti Day Centre is (as of April 2016) the sole occupier in a large council owned building which is in a poor state of repair. Property services have indicated this building would be demolished and the land sold.</p> <p>The remaining centres would be still within Birmingham City Council buildings and are already established within the care centres. However the numbers of staff would need to reduce as there would be less need for management, direct care, any on site catering and reduced transportation service.</p> <p>The remaining centres would concentrate only on specialist dementia day service for citizens of all ages with dementia living in the community. The buildings being of a higher standard than the four based within none care centre or external buildings, and would be able to support the provision of personal care and there could be opportunities to use other rooms, such as the restaurant to allow differing activities to take place at the same time.</p>

The service would focus and specialise in providing high quality dementia day support services. The stated purpose of the service would be to provide evidence based interventions for people with dementia to assist them to remain as independent as possible and delay and reduce the need for residential care and support’. This is in line with Birmingham’s dementia strategy.

This option would not resolve the issues with the current transport fleet attached to the centres. The home- to- centre transport is provided by minibuses as this meets the needs of older people best. However there is insufficient capacity to maintain the present service in the longer term and to develop a service in line with constantly increasing demand without investment in new fleet. The nature of the service users with both dementia, and physical needs means that alternative options such as unassisted independent travel/ public transport are unsafe.

Of the 311 people who are currently receiving a service from the day centres, 182 people have dementia, this equates to 59% of service users. These 182 service users would form the service user cohort for this proposal, along with any service users subsequently identified who have an assessed eligible need for care and support relating to dementia. However this would only allow an average of two days of service per service user per week based on the remaining capacity and would incur increased transportation costs as journey lengths would increase for some service users from displaced units.

Otherwise, in order to reduce transportation costs and journey times, service users may only be accepted from local areas such as Edgbaston, Erdington, Ladywood and Yardley constituencies.

Taking the figure of 311 as a starting point, this would mean 129 service users still would need to be reassessed with a view to sign posting them to other services and/ or direct payments to meet their needs more flexibly in the community.

It should be noted however, that the units would still have their existing costs which include a proportion of rental and running cost contribution to the care centre budget. It should also be noted that the Care Centres are the subject of separate proposals as part of the Council Business Plan and Budget 2016+. There is a significant risk that proposals for the future use of the Care Centres may impact or limit the ability of the Council to provide Day services in these buildings.

**Finance**

- Sale of the building housing Shakti Day Centre will generate a one-off capital receipt – estimated to be in the region of £500,000. This will produce an annual revenue stream of £37,500 for the service area.
- The net operational saving to the Council of the implementation of this proposal is detailed in the table below. Savings are contained in brackets,:

Net saving £000				
2016/17	2017/18	2018/19	2019/20	2020/21
49	(101)	(176)	(234)	(234)

<b>Pros and Cons of Option</b>	<b>Delivery of identified outcomes</b> <p><b>Positives:</b></p> <ul style="list-style-type: none"> <li>• The option delivers savings to the public purse, but less than Option 2</li> <li>• The option makes a contribution to a reduction in the Council's overall workforce, but less than Option 2.</li> <li>• The option represents a shift away from mainstream funding of services to giving eligible people choice and control through a Direct Payment, but not as significant as Option 2.</li> <li>• The option could increase the range of services people can buy with a personal budget via a Direct Payment</li> </ul> <p><b>Negatives:</b></p> <ul style="list-style-type: none"> <li>• The option does not deliver against the identified outcomes as significantly as Option 2.</li> </ul> <p><b>Additional risk</b></p> <ul style="list-style-type: none"> <li>• The Care Centres are subject to a separate review and proposals which if approved may impact on the ability to use the Care Centres as a base from which to operate day centres from</li> <li>• The potential impact of change on service users</li> <li>• Potential impact on workforce.</li> </ul>
<b>Stakeholders engaged.</b>	A range of internal stakeholders have been consulted including Legal & Democratic Services, Corporate Procurement Services, Birmingham Property Services, Specialist Care Services and the Commissioning Centre of Excellence. Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.
<b>Recommendation</b>	Following initial analysis by the Council this option is <u>not</u> preferred for implementation, but is subject to consultation.
<b>Principal Reason for Decision</b>	<ul style="list-style-type: none"> <li>• The option does not deliver as significantly against the identified outcomes as Option 2.</li> </ul>

<b>Option 4</b>	<b>Outsource the current service.</b>
<b>Information Considered</b>	<p>This option would still allow the service to operate but involves transferring employees and assets, as well as handing over control of public services to either private or third sector organisations.</p> <p>This option would take advantage of a specialist provider's knowledge and economies of scale to improve performance and achieve the service needed.</p> <p>As part of the consultation the Council may propose ring-fencing the outsourcing to organisations in accordance with EU Regulation 77 for Reserved Contracts. Under this regulation competition can be limited to organisations whose objectives are the</p>

pursuit of a public service mission linked to the delivery of services; whose profits are reinvested with a view to achieving the organisation's objective; whose structures of management or ownership of the organisation are based on employee ownership or participatory principles, or require the active participation of employees, users or stakeholders.

The Directorate would need to give notice to landlords of the buildings where Boldmere and the African Caribbean Day Centre's are based, as the operation of the service would not be directly controlled by the council.

Shakti is sole occupier of a large council owned building which is in a poor state of repair. Property services have indicated this building would be demolished and the land sold. Any future provider would have to be willing to upgrade the building. However this would involve capital costs to potential providers, which would be considerable.

Moreover, there is the issue of staffing as TUPE would apply, and any payroll savings that an outsourced provider(s) could provide would be reduced.

The remaining centres that would be still within Birmingham city council buildings would still require rental costs to be recovered and this would be greater than average for external organisations. This may not ensure that the unit costs were competitive with market prices.

There also remains the issue of seeking willing provider's interested in undertaking the outsourcing. There is the issue that the size of operations are too big for one provider to undertake, or providers may be only interested in some of the services (cherry-picking) leaving others still to be operated, or decommissioned.

It should be noted that there has been little interest from organisations or community groups shown during public consultations in taking over provision of Older Adults Day Care, however this is a market with a significant numbers of operators already.

#### Finance

- Sale of the building housing Shakti Day Centre will generate a one-off capital receipt – estimated to be in the region of £500,000. This will produce an annual revenue stream of £37,500
- The net operational saving to the Council of the implementation of this proposal is detailed in the table below. Savings are contained in brackets, costs are not:

Net saving £000				
2016/17	2017/18	2018/19	2019/20	2020/21
0	0	0	0	0

The assumption has been made here that TUPE would apply and with the majority of costs being made up of staffing budgets then negligible or nil savings would be made



	unless employee terms and conditions were changed.
<b>Pros and Cons of Option</b>	<p><b>Delivery of identified outcomes</b></p> <p><b>Positives:</b></p> <ul style="list-style-type: none"> <li>• The option does not contribute to a reduction in the Council's overall workforce</li> <li>• The option does not increase the range of services people can buy with a Direct Payment should they choose to have one</li> </ul> <p><b>Negatives:</b></p> <ul style="list-style-type: none"> <li>• The option does not deliver savings to the public purse</li> <li>• The option does not represent a shift away from mainstream funding of services to giving eligible people choice and control through a Direct Payment</li> </ul> <p><b>Additional risk</b></p> <ul style="list-style-type: none"> <li>• The Care Centres are subject to a separate review and proposals which if approved may impact on the ability to use the Care Centres as a base from which to operate day centres from</li> </ul>
<b>Stakeholders engaged.</b>	A range of internal stakeholders have been consulted including Legal & Democratic Services, Corporate Procurement Services, Birmingham Property Services, Specialist Care Services and the Commissioning Centre of Excellence. Permission is sought to consult, to enable a wider range of external stakeholders to be consulted, including service users, staff and the provider market.
<b>Recommendation</b>	Following initial analysis by the Council the option is <u>not</u> preferred for implementation, but is subject to consultation.
<b>Principal Reason for Decision</b>	While the option delivers against 2 of the identified outcomes it does not deliver significant savings to the Council.

4. Budget and management information	

5. Project Development Requirements/Information	
Products required to produce Full Business Case	N/A
Estimated time to complete project development	4 Months
Estimated cost to complete project development	
Funding of development costs	N/A
EIA: the main risks so far identified a strategy for managing them and need for any contingency arrangements.	✓