EPH Modernisation Programme Board

Tuesday 18 March 2014, 9.30-10.45am

Present: Alice Beckwith, Tracey Carter, Paul Edmondson-Jones (Chair), Ian Floyd, Stewart Halliday, Melanie Hopewell (Minutes), Debbie Mitchell, Graham Terry, Steve Waddington, Chris Weeks.

Apologies: Max Thomas

1. Alice updated the Board on the reasons for pausing the procurement process four weeks ago (14th Feb). The Project Team had since been working up more information around the transition planning for different, potential scenarios (residents & staff) in order that Finance colleagues could produce some headline costings. The purpose of today's Board was to consider this work on different scenarios and options for bridging the 'affordability gap' that has been highlighted by all three bidders.

2. In presenting the financial summary of options Debbie offered the caveat that she was not 100% confident (a) in all of the numbers – we have had to make a lot of assumptions, or (b) that the paperwork includes <u>all</u> of the costs of the programme.

3. The summary presented included far greater transition costs than have previously been factored in. These transition costs include the cost of diverting residents into private homes that would otherwise have accessed our EPHs if we were not running the resident numbers down to facilitate closure. Graham suggested that the transition costs included here are absolutely worst case scenario and argued that they would be significantly less.

4. None of the options appear affordable although Debbie reminded the Board that the financial modelling has always shown that there was an affordability gap, especially in the early years. However, the gap is over and above what we predicted. For example, the two bidders that have shared their financial models have included much higher running costs than we had estimated. The key question is the degree to which can close this gap by way of various mitigations.

5. A number of the possible mitigations were discussed including – assuming a lower % of staff to TUPE across; negotiating profit levels down; reducing transition costs down by managing demand for frail elderly residential places; reducing the build costs by rowing back on some of our requirements; delaying the capital repayments, etc.

6. Graham reiterated that Board/Cabinet have always recognised that the existing £5.4M budget was extremely tight for achieving what we are hoping for but was sufficiently confident to go out to test the market last July.

7. Ian concluded that whichever we way we look at this we are a significant sum of money short every year. What Board is missing is a clear understanding of where this care home modernisation programme sits within the wider Adult Social Care/Health Transformation programme/agenda. Before it can make a decision, the Board needs to understand what the implications of not seeing through this procurement/vision might be for the 'whole system' and our overall costs. It is going to take extra funding to make this work but that extra investment may still save us money in the long run. Without more detail the Board cannot understand the whole picture, or make a decision as to whether the original vision is still worth chasing given that the financial climate has worsened still further since this project began.

8. Some of the alternative options were briefly discussed including what impact moving completely away from the household model might have on the build and operating costs. Both sites are big enough to accommodate still larger care homes and, although it moves us away from the original vision, it would still deliver far better facilities than our current homes. The operator would also be able to accommodate more self-funders. Would we have to start our procurement again if we were to change tack like this?

9. The Board agreed that we need to articulate the key options and provide a high level analysis of the degree to which each option delivers against (a) the original vision – ie modern care home facilities providing specialist residential care, and (b) the key political drivers.

10. The Board agreed the following five options for this high level analysis and also asked for a high level explanation of how the care home modernisation fits with (and why it so integral to) the wider Adult Social Care/Transformation programme.

    Option 1 – Continue with the current procurement. Outsource the DBOM of two care homes & Community Village at Lowfield but retain ownership of the care homes, community hub, and land.

    Option 2 – Build good enough (rather than gold standard) new care homes. As above, but build larger and more traditional care homes. Lower staffing levels.

    Option 3 - CYC to build and run the homes themselves. CYC to DBOM the two care homes & Community Village at Lowfield.

    Option 4 - Continue as we are with existing EPHs. Status quo - with minimal investment in M&E substructure of buildings (& gradual closure as private sector capacity grows?).

    Option 5 - Close all homes and commission from the private sector. Give notice to Private Sector of CYC leaving the market as a Care Provider.

11. In due course, we will need to present these options to Members for decision, with a clear story that explains why we are where we are, and how we have got here.

12. Ian suggested that Board did not require any further work on the financial modelling work ahead of the next Board.

13. Board was mindful of the fact that the bidders are still ‘on hold’ but Paul confirmed that the Leader is relatively relaxed about the timescales on delivery and is more concerned that we make the right decision about whether to proceed or not. It was agreed that this work should be pulled together quickly and that Monday afternoon’s ASC Transformation meeting could be hijacked to rehearse the issues ahead of an emergency Board to be scheduled in sometime on Thursday 27 March.