

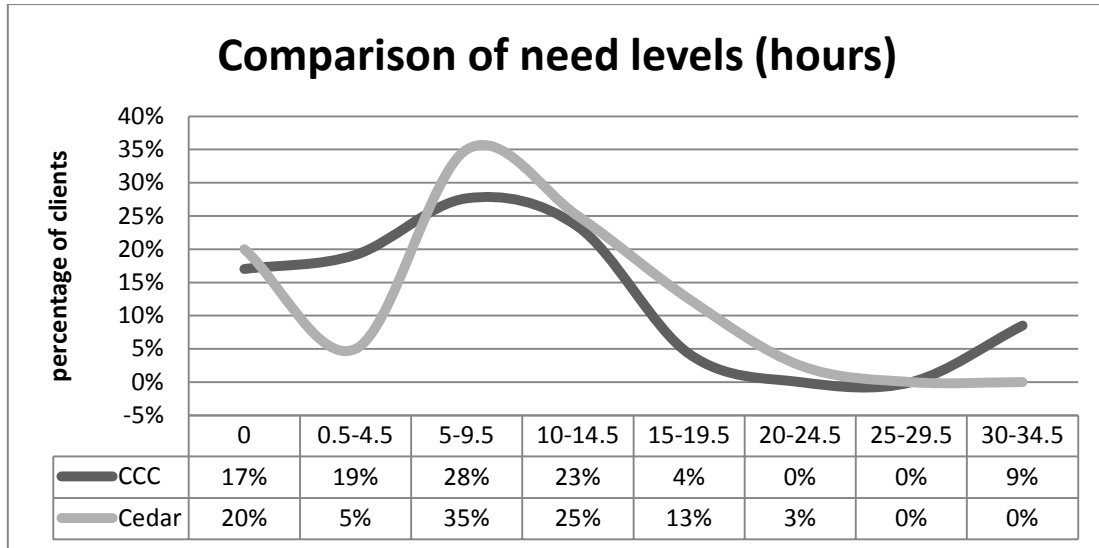
READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ADULT CARE & HEALTH SERVICES

TO:	ADULT SOCIAL CARE, CHILDREN'S SERVICES AND EDUCATION COMMITTEE		
DATE:	5 NOVEMBER 2015	AGENDA ITEM:	19
TITLE:	CHARLES CLORE COURT SAVINGS PROPOSAL		
LEAD COUNCILLOR:	COUNCILLOR EDEN	PORTFOLIO:	ADULT SOCIAL CARE
SERVICE:	ADULT SOCIAL CARE	WARDS:	SOUTHCOTE
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1. PURPOSE OF REPORT AND INTRODUCTION

- 1.1 This paper outlines the proposal for savings available from Charles Clore Court from restructuring and outsourcing. The proposal is described in the context of Reading's emerging Accommodation with Care Strategy, and a brief needs analysis is given.
- 1.2 Charles Clore Court is an Extra Care Housing site in Southcote Ward, on Appleford Road. The site is run by A2 Dominion, and the care is provided by Reading Borough Council staff.
- 1.3 There are 47 flats in Charles Clore Court - all of which are assured tenancies with A2 Dominion. 37 of these flats are used by clients who have some care needs.
- 1.4 The level of care provided is mixed and weighted towards the lower end of need. However, four people receive over 30 hours of care, which is a much higher level than in other RBC Extra Care provision (although this is largely incurred by using two staff for care instead of using aids and technology). An illustrative comparison with Cedar Court levels of need, based on hours delivered per client, is shown in the table below:



- 1.5 There are 16 staff currently employed by RBC. These staff deliver 393.75 hours care per week, against a care plan total of circa 340 hours (this may be volatile and subject to review). The service costs £398,600 per annum which covers the hours between 6am and 10pm, including 'floating support' of approximately 35 hours per week to respond to emergencies or unplanned care needs. In common with other extra care schemes there is a night care service also provided by RBC staff; the full cost of this is met by a service charge to the tenants, and so is cost neutral to Adult Social Care.

2. Recommended Actions

- 2.1 That Members agree the action in phase 1 of the proposal to approve the deletion of the scheme manager's position at Charles Clore Court and the redundancy of the current manager, and delegate the Head of Service for Adult Social Care to secure any further staffing efficiencies required.
- 2.2 That Members authorise officers to tender for an external provider to take over the running of the care service at the scheme as outlined in phase 2 of the proposal.

3. Policy Context

- 3.1 The Council is committed to increasing the use of Extra Care Housing as an alternative to residential care, to enable people to remain as independent as possible, for as long as possible.

- 3.2 Demand for social care in Reading is increasing, but can be influenced by a greater emphasis on prevention and independence. In recent years, the Council's focus has shifted towards short-term, intensive support to promote independence. This has been actioned through the re-ablement service that enables people to build, recover and retain skills to be able to live as full a life as possible, reducing the need for longer term care and moves to residential care. The Council intends to spread and embed this approach across the local market so that we are always working to help people progress and prevent, reduce or delay their need for support.
- 3.3 The older population in Reading is projected to increase by 9% (1800) in 2020 and 23% (4400) by 2025. As an illustration of the impact of this increase a 9% increase in the number of people entering residential care would cost the council approximately £2 million¹, whilst a 9% increase in people with the same level of need in extra care housing would cost around £880k².
- 3.4 The number of people over 85 is projected to increase by 15% (500) in 2020 and 30% (1200) by 2025. This is significant, and suggests a rise in the complexity of need with an increase in people with dementia. How extra care can be better used to accommodate those with dementia is being explored in the emerging Accommodation with Care Strategy. The council is already developing two additional extra care schemes over the next five years, which we anticipate will adequately meet increased need.

4. Current Provision of Extra Care Housing

- 4.1 Current provision of Extra Care Housing (ECH) is focused on 5 schemes with 100% nomination rights held by RBC outlined below. These 5 sites provide 244 units in total. All the externally commissioned extra care services are due for re-tendering within the next 18 months. As part of the ECH development, RBC are tendering for 16 units at Beechwood Grove and are negotiating a scheme at Green Park.
- 4.2 **Oak Tree House**
60 units. Care provided by Radis. Building owned and managed by Catalyst HA. The care needs in this provision are low. 291.5 hours are delivered.
- 4.3 **Cedar Court**
40 units. Care provided by Radis. Building owned and managed by RBC. The care needs in this provision are mixed. 343.5 hours are delivered.
- 4.4 **Charles Clore Court**
47 units. Care provided by RBC. Building owned and managed by A2Dominion. The care needs in this provision are mixed. 393.75 hours are delivered.

¹ Current number in residential – 598. Increase of 9% - 53. Current residential usual rate - £700.

² Increase of 9% on current residential – 53. Assuming 20 hours per week at a potential 2017 hourly rate of £15.90.

4.5 Chimney Court

56 units. Care provided by A2D. Building owned and managed by A2Dominion. The care needs are polarised with a small number of high needs clients alongside clients with no needs. 286.5 hours are delivered.

4.6 Cornerstones

41 units. Care provided by A2D. Building owned and managed by A2D. The care needs are mixed with a significant minority of people with no care needs. 227 hours are delivered each week.

4.7 All these units are currently at full occupancy. The mix of needs in each provision was set at one third high needs (10+ hours), one third medium needs (5-10 hours), and one third low needs (0-5 hours). However due to people's needs changing over time and a majority of sheltered housing tenants with no or low needs moving into Oak Tree House, the current levels of care needs do not always reflect this mix. To support the strategic plan to reduce residential care use and increasing need, a shift to a mix of 50/50 medium and higher level need is being considered along with a review of the definitions of high, medium and low care needs. The forthcoming Accommodation with Care Strategy will develop this approach further.

5. Charles Clore Court

5.1 Charles Clore Court costs approximately £19.42 per hour of care - this rate is approximate because historically in-house provision had been budgeted on fixed staff and infrastructure costs and not calculated at an hourly rate in the same way that our independent providers are funded.

5.2 In comparison, the current Cedar Court care service, provided independently by Radis, costs £13.89 per hour, and a recent bid for Domiciliary Care provision quoted £15.90 per hour from 2017 (which would be Living Wage compliant). Another alternative Living Wage compliant bid was submitted recently at the rate of £18.37. However, Officers are confident that the lower rate is achievable and realistic. At £13.89 and £15.90 an hour these costs are significantly cheaper than the current costs of Charles Clore Court and cheaper than the average pro-rata home care or care home rates for a comparable quality of care. External provision of care at Charles Clore Court would need to take TUPE costs for existing RBC staff into account, such as the need to account for additional pension costs for the first year of outsourcing. Initial costs therefore may be higher than the rates quoted above, however it is still likely to generate a lower cost over time.

- 5.3 A review has already taken place of the staffing arrangements of Charles Clore Court to ensure that the service provision is as cost effective as possible. Staff hours are fully utilised, with no 'down time'. Reviews are currently taking place on the number of hours care provided to each client within Charles Clore Court, but initial indications are that the hours provided are at the appropriate level to meet individual needs, and this is comparable to the hours of care provided in other extra care schemes. The current structure allows for 35 hours of care provision which is not assigned to individuals, known as 'floating support'. These hours are used as an emergency response service to assist in ad-hoc situations such as falls and escorting. This amount of support is again comparable to schemes of a similar size to Charles Clore Court in the independent sector.
- 5.4 Proposals as part of the existing social care savings plan include changes to how domestic service elements of home care packages are provided (i.e. shopping, laundry, cleaning). 30 hours of similar domestic support is provided each week at Charles Clore Court so, in line with this approach, a member of staff could be employed to provide these services, but on a lower grade than the care staff. This will have the dual impact of a lower employment cost for these hours and increase capacity of care staff. As the service is currently using agency staff to cover vacancies and overtime, this change potentially could be quickly progressed. It would generate a small amount of saving.
- 5.5 The staffing structure currently in place at Charles Clore Court is very flat. It comprises a manager, one Extra Care Co-ordinator and 15 carers (including one on an agency contract). The other Extra Care Schemes in the borough are managed by a full time manager covering two schemes. The current Charles Clore Court structure could be changed to match this model by merging the post of Community Reablement Team (CRT) manager with the Charles Clore Court manager. The current Charles Clore Court manager is about to retire so this change could be effected with little disruption. This would create a saving for the in-house service.
- 5.6 All clients have been financially assessed to see if they need to make a contribution under the Fairer Charging policy for the care services they receive. These assessments show we are currently achieving the maximum income possible from clients.
- 5.7 The service is required to be available 24 hours a day 7 days a week. This has meant that a night worker is in place between the hours of 10pm and 6am. This worker is funded by the service charge paid by tenants to A2Dominion and the costs are recharged by the council. This effectively makes the night care element nil charge to the council's Adult Social Care Department. This arrangement would be the same with an external provider.

- 5.8 In addition there is a housing support role provided which is similar to that of a Sheltered Housing Officer. The current service costs £20,000. It is proposed to restructure this support into the care service, making a saving of circa £12,000 per annum, however, there are risks to this proposal and so the £12,000 savings have not been factored into the final savings shown in Appendix A. Risks include the following: The positioning of tasks to the care team may mean that job descriptions require amendment although substantial changes are not expected and so pay grades should not be affected.
- 5.9 The risk associated with this proposal is that care providers may not want to take on non-care roles within the scheme. The care providers would need to TUPE across the current officer in the role and they wouldn't be able to use them in any other capacity in their organisation other than the housing support role. As the needs of the individuals placed in the scheme increase the amount of work for the housing officer increases as well. With the proposal to change the needs criteria for Extra Care the role of the housing officer will become more time consuming and will require more hours to be commissioned and may therefore reduce any proposed saving outlined above.
- 5.10 TUPE advice will be required to explore the position of the current housing officers once the current housing contracts end.
- 5.11 These savings are outlined in Appendix A and are based on a management structure change date of 1st April 2016 which allows time for staff and user consultation.

6. Savings Proposal

- 6.1 There has been careful consideration of all options for savings over a number of months to reduce the cost of Charles Clore Court and retain the level and quality of care. To achieve savings, two phases have been explored - to outsource the care provision and to restructure the in-house service. To achieve the level of savings required both phases need to be taken forward.

6.2 Phase 1. Charles Clore Court in-house restructure

The service makes savings through a restructure of management staff as outlined above. The service can be run effectively by the current Community Re-ablement Team (CRT) manager overseeing both the re-ablement team and Charles Clore Court. The service could continue to be managed effectively for a period until a new provider takes over in 2016. The existing Extra Care Co-ordinator based in Charles Clore Court would be a daily presence at the Extra Care scheme. This arrangement would not impact on the Reablement service and keeps continuity for care staff, whilst generating savings from April 2016 as the current manager would be made redundant. We understand this meets CQC regulations.

- 6.3 This reduces the current management by one post, making £47,116 savings and reducing the hourly cost of running the service to £17.12.

- 6.4 Redundancy costs as well as pension would be due for the current manager (although these would be met by central council funds rather than the directorate budget).
- 6.5 In addition the proposal to employ a domestic role at a lower grade would be taken forward, as outlined above, as well as reviewing the housing support role.
- 6.6 This would then prepare the service for outsourcing in Phase 2 below. A smaller number of staff will be affected by the TUPE agreement when the service is outsourced, so transfer costs will be lower. It has the additional benefits of maximising the efficiency of the in-house service and a structure that reflects the independent sector which could help to minimise further disruption for the TUPE'd staff and maximise service continuity to the tenants.
- 6.7 From our review of the service no further savings on in-house running costs and care are thought possible (outlined above under 4.)
- 6.8 Phase 2. Outsourcing Charles Clore Court provision**

This part of the proposal provides the greater longer term saving by building on Phase 1. However, due to the complexities of the TUPE legislation it is possible that in the short to medium term there will be an increase in cost. This would be temporary and the savings over a three year period are maximised when using this approach.

- 6.9 The service would be outsourced as soon as possible and tie in with the proposed new framework of Extra Care provision procurement. Once in place, the new provision at Charles Clore Court would be quality monitored to ensure there was no negative impact on service delivery.
- 6.10 Staff could be offered the opportunity to transfer to CRT, made easier by the phase 1 restructure, which gives them choice to continue in council employment and potentially reduces the level of TUPE costs
- 6.11 As the current care provision for Charles Clore Court is a council delivered service, a consultation period with staff, residents and their families is required to inform any decision to outsource the service. This consultation period must take 30 days for residents and 45 days for staff.
- 6.12 Currently, TUPE would apply for all staff working at Charles Clore Court. TUPE is a right of existing staff to transfer their employment under their current terms and conditions to the new provider. This is not dependent on the choice of either employer. The new employer can change those terms and conditions, but only after a reasonable period of time. The tendering process can allow an additional one-off payment to protect the TUPE'd staff
- 6.13 A recent quote for a 2017 domiciliary care price was £15.90 per hour, and was stated to be Living Wage compliant. Taking this as an indicative but realistic example of the potential savings at this rate, the current 393.75 hours of care at Charles Clore Court would cost £326,446. This suggests a potential saving of £72,153 per year.

6.14 If all staff were to use their right to TUPE, the hourly rate from the provider would increase in the medium term, but then reduce if the provider reduces terms and conditions after a period of time.

6.15 Because of this, it is possible that outsourcing the service will only make the savings outlined in Proposal A in the first year. However, the savings available by outsourcing this service create savings year on year, so has a longer term effect. The longer the service is held in house; the greater the delay in realising these savings.

6.16. **Benefits of the proposal**

- A more efficiently run staff group that generates a level of saving.
- A smaller number of staff will be affected by the TUPE agreement when the service is outsourced and so the costs will be lower.
- A staffing structure in line with the independent sector mitigates impact when the new provider takes over.
- An outsourced service would achieve significant savings for the council in the long term in the region of £185,000 over three years.
- The TUPE'd staff would have a period of protection.
- The proposed timescale for outsourcing gives staff who will be affected by the action time to apply for appropriate posts within the council.
- Impact on the service is minimised if the current landlord is successful in bidding for the care service

6.17. **Risks of the proposal**

- The service may be destabilised by the loss of the current manager, however if the current postholder manages the change before leaving, this effect is reduced.
- The staff may feel destabilised by the removal of a full time manager from the service; however this could be mitigated by basing the new manager in the scheme.
- The restructure may trigger a reappraisal of the new manager's grade depending on who is appointed, which could have a small impact on level of saving.
- Timescales could lengthen depending on the outcome of detailed planning for implementation of the new arrangements, which delays savings
- Savings are made over longer period with full year savings achieved by 18/19 because of TUPE factor. The savings will take longer to achieve, but then produce greater savings over a longer period.
- The current care market is fragile therefore there may be an insufficient interest in tendering for this service. However officers believe this is unlikely.
- Preparing staff for TUPE may not have the desired result, and staff may still choose to transfer to the new provider, giving less savings

7. Tendering Options and Savings

7.1 It has been assumed that a recent offer to provide a similar service can be used as a realistic basis for this tender. The offer we received was from a provider of Domiciliary Care and is the lowest quote on the current Home Care Framework. This quote is seen as a good base for comparison as care in Extra Care is generally cheaper than domiciliary care in the community due to the lack of travel incurred. This proposal has been adapted to take into account the additional costs associated with a TUPE transfer of staff.

7.2 The calculation has been worked out below.

7.3 **Existing cost:** The average wage paid to RBC staff is £10.27 per hour. RBC staff also receive an allowance for anti-social working time. This has been split across all hours at £1.09 per hour to give a consistent figure. When overheads are included this gives an hourly rate of **£19.42 per hour**.

7.4 **Potential future cost** Using the £15.90 per hour example above for the independent provider, this has been broken down as £7.85 wages (living wage) and £6.71 as the on-costs for the provider. The hourly rate has then been increased by £3.51 to reflect the additional staffing costs incurred by the TUPE arrangements.

7.5 This gives an expected **hourly rate of £19.41 for the first year** as shown below.

Back office cost	£8.05
Standard Wage	£7.85
Increase to average RBC wage	£2.42
Average Shift Premium from budget	£1.09
Total Cost	£19.41

7.6 £19.41 per hour is a realistic, price to allow for the costs of TUPE'ing staff over to a private company. It is assumed that this rate will be in effect for one year to allow time for a comprehensive review to take place and for terms and conditions to be standardised to the new provider's rates.

7.7 After this period it is anticipated that the previously quoted rate of £15.90 per hour, plus inflation, should be achievable.

7.8 Removing the separate Housing Support funding (and using some of those funds to increase availability of establishment staff to provide that support) could save approximately £12,000 per annum.

7.9 The savings proposal laid out over a three year contract delivers the anticipated savings of **£136,649.06 in total by 2019**. This is the total saving achievable by implementing phase 1 and 2 of the proposal.

7.10 It is acknowledged that the savings in the short term do not match original projections due to the TUPE regulations and protection payment. However, the period of one year with reduced savings enables the year on year savings.

7.11 Wider procurement of Extra Care

The care services at Beechwood Grove, Oak Tree House, Cedar Court, Chimney Court, Cornerstones and Charles Clore court will be re-procured in a Framework, with services being awarded in June 2016. Services would have staggered starts across each site, enabling consistent recruitment levels (significant spikes in recruitment can damage related provision such as home care, which draw from the same labour market) and ensuring we do not have significant voids to manage because of reduced capacity. By including Charles Clore Court within this procurement we mitigate the TUPE costs incurred if one provider was to take on more than one site.

7.12 This has the benefit of a larger scale tendering exercise and makes better use of limited council procurement resources. It is believed that holding one large tendering exercise will generate larger savings due to greater economies of scale for providers, as creating lots or portfolios of services enables sharing of resources thus lowering costs which will be passed to the council.

7.13 The inclusion of the housing support service restructure, mentioned in section 5.8, could be applied across all the Reading schemes but does require specific scoping as part of the tender process. However, this could generate further savings in the other schemes.

7.14 The process will ensure all services are attractive to providers with the right mix of skills and that the quality of care is maintained with minimal disruption to tenants. For Charles Clore Court this will also include careful preparation around costings for TUPE. It is proposed to hold provider information and consultation days to shape the service provision as part of the tender process.

7.15 Procurement Timescale

It is anticipated that the procurement of these services will be complete in time for the awarding of contracts in June 2016 with the first start date likely to be September 2016. The reshaping of the care provision and merger of the housing and care roles requires careful consideration. There are considerable savings to be made if the right mix of care and support is procured. To build a package that will be cost effective and is attractive to potential bidders it is proposed to hold provider events and consultations to ensure that the council's vision of an integrated service is followed through to completion. TUPE information is to be collated for all services and time will be needed to compile this.

Time Scale	Tasks
September to December	Consult on restructure proposal and outsourcing service with staff and tenants. Committee agreement to proceed
January 2016	Preparation for tendering exercise and TUPE process.
February to June	Invite tenders from providers
March	Manager leaves
June	Award tenders to successful bidders
June to September 2016	Work with successful bidder to ensure a smooth handover to new provider with no lapse in quality of care.

Summary of recommended actions

1. To make short term savings of £47,000 by reducing the in-house management and change of domestic support. A small part of this saving could be achieved in 2015/16. No further savings are likely to be achievable running the service in house.
2. To initiate the required consultation exercise with staff and tenants as soon as possible
3. To outsource the care provision by including Charles Clore Court as part of the Extra Care Framework being procured in 2016.
4. To agree the timetable above for the outsourced provision based on the needs of staff, the council and the new provider which, combined with recommendation 1 is anticipated to deliver the savings target of £105k in 2018/19.
5. To ensure staff are prepared for TUPE, and explore offering transfer within the CRT service instead of moving to the new provider

8. CONTRIBUTION TO STRATEGIC AIMS

- 8.1 The proposals outlined in this report are consistent with the Council's 3-5 Year Plan for Adult Social Care approved by Policy Committee in September 2014.

9. COMMUNITY ENGAGEMENT

- 9.1 Consultation proposals have been drafted, and will be finalised shortly.

10. **LEGAL IMPLICATIONS**

10.1 Under the Council's Contract Procedure Rules 9(1) the procurement will be regarded as high value procurement and will be dealt with in accordance with the rules referred to.

10.2 It will be necessary to enter into a new contract with the winning provider for the provision of care services at Charles Clore Court.

11. **EQUALITY IMPACT**

11.1 The equality impact assessment has been carried out and is currently in draft form

12. **FINANCIAL IMPACT**

12.1 Please refer to Appendix A

13. **SUPPORTING PAPERS**

N/A

Appendix A

Period	Days	Action	Current Running Costs	Recommended Action Cost	Recommended Action Saving	
01/04/2016	31/08/2016	153	Phase 1. Deletion of Managers Post	£ 167,084.38	£ 144,585.00	£ 22,499.38
01/09/2016	31/03/2017	212	Phase 2. New Provider paying TUPE costs £19.41 ph	£ 231,515.62	£ 231,464.25	£ 51.37
Costs/ Savings Year 16/17			£ 398,600.00	£ 376,049.25	£ 22,550.75	
01/04/2017	31/08/2017	153	New Provide paying TUPE costs £19.41 ph	£ 167,084.38	£ 167,047.31	£ 37.07
01/09/2017	31/03/2018	212	New Provider with costs at £15.90*	£ 231,515.62	£ 189,607.50	£ 41,908.12
Costs/ Savings Year 17/18			£ 398,600.00	£ 356,654.81	£ 41,945.19	
01/04/2018	31/03/2019	365	New Provider with costs at £15.90*	£ 398,600.00	£ 326,446.88	£ 72,153.13
Costs/ Savings Year 18/19			£ 398,600.00	£ 326,446.88	£ 72,153.13	
Total Savings 15/16 to 18/19					£ 136,649.06	