
Report To:	Health & Social Care Committee	Date:	11 October 2018
Report By:	Louise Long Corporate Director (Chief Officer) Inverclyde HSCP	Report No:	SW/44/2018/AS
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Subject:	SCOPING OF THE CARE HOMES MARKET		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide an overview of the current nursing and residential care home market within Inverclyde and provide an update to the Committee regarding the feasibility of constructing and running a care home as an in-house provision.

This report will also provide an overview of the current issues in relation to the provision of Nursing and Residential Care Home places in Inverclyde.

2.0 SUMMARY

- 2.1 Inverclyde HSCP completed a feasibility study around provision of an in-house care home in June 2018.

- 2.2 It is well documented that the demographic profile for older people has been changing, with people living longer but also with more chronic long term health conditions. This has led to increasing demand on health and social care support.

Since 2013 the strategic priority for older people is for them to be cared for as long as possible in their own home, only moving to residential care where there is no possibility for them to remain safely in their own home. We are working towards this strategy by adopting the Home 1st plan which has the key principle that we should afford an older person the greatest opportunity to remain or return to their own home.

In order to do this in an affordable way is to invest in flexible community services rather than building based support.

- 2.3 Currently there is no view that the care home capacity requires to increase in Inverclyde. We have worked to increase the number of people we support in their own home and have successfully reduced the demand for care home placements in line with the Older Persons' Strategy. The current quality of care and support provision by independent providers is high with no concerns over this that may require direct intervention into this market.

Although the local authority could provide residential care where the overwhelming requirement is for nursing care placements, such a facility would be enormously expensive and also undermine the current market and impact directly on local providers, potentially leading to closure of care homes and disruption to people and the care they receive.

- 2.4 The cost of constructing and running a care home is not a viable economical proposal and does not meet the requirements of best value for the Council. It would increase the cost of provision thus impacting directly on the care home budget and the capacity to provide the number of placements we require as well as support to people in their own home.

The capital costs are also prohibitive for any new build. Care Home providers are keen to develop services and new provision and if there was a requirement, then any new build could be met by an independent provider. Similarly, the recurring costs of managing a care home are up to 40% more expensive than current costs under the National Care Home Contract.

3.0 RECOMMENDATIONS

- 3.1 That the Committee notes the contents of this report and the outcome of the feasibility study into the provision of long term care for Older People.
- 3.2 That the Committee agrees with the recommendation not to pursue the development of a Council facility at this point.

Louise Long
Corporate Director (Chief Officer)
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4.0 BACKGROUND

4.1 Demographic Change in Older People Population

The demographics of Older People are changing and have been well documented statistically. For some time the impact of these changes upon the demand for services is proving to be more difficult to quantify or predict.

By 2039 there is a projected 17% increase in the population that is of pensionable age (over 67) and an increase of 68% in the number of people aged over 75 years.

This means an increasing demand on Health and Social Care services as people are living longer with more significant long term health conditions.

4.2 Reshaping Care and Home 1st

The Reshaping Care for Older People (A Programme for Change 2011-2021) provides a long term and strategic approach to delivering change so we can achieve our vision for future care for older people in Inverclyde.

Our vision is that 'Older People are valued as an asset, their voices are heard and they are supported to enjoy full and positive lives in their own home or in a homely setting'. This ambition is central to our work as we develop and implement the Reshaping Care programme.

Inverclyde introduced the Home 1st plan in 2015 as individuals and families tell us that home is always their preferred option in terms of their wish to remain independent and live as active a life as possible in their own local community.

This drives our approach to Home 1st and we are committed to working in partnership with all sectors in Inverclyde to ensure we maximise the opportunities for adults and older people to live at home for as long as possible.

The basis of the Home 1st approach is that people are supported better and achieve improved outcomes when health and social care is provided in their home or community; developing self-directed support self-managed care and carer support to ensure a Personalisation approach to care where choice and control is in the hands of the service user.

4.3 Inverclyde Older People Commissioning Strategy

The Older People's Commissioning Strategy, agreed as a 10 year plan for Inverclyde in 2013, had a stated aim of reducing care home provision and releasing funding for community based alternative provision of care. This Inverclyde Home 1st initiative has a basic principle that we should afford an older person the greatest opportunity to remain in or return to their own home and this has driven the successful implementation of the Strategy.

The strategic priority for older people is for them to be cared for as long as possible in their own home, only moving to residential care where there is no possibility for them to remain safely in their own home. Target to reduce the number of purchased Care Home Beds to 600 and supporting more people at home has been met 5 years ahead of the 2023 target.

4.4 The Local Market

Inverclyde currently has 15 care homes, 11 nursing and 4 residential, with a bed capacity of 639 Nursing and 99 Residential respectively. The current split between funded care home placements is overwhelmingly Nursing Care as opposed to Residential placement on a 91% / 9% split.

The homes are a mix of local and nationally owned independent provision, with a mixture of standalone homes combined with some who are part of a larger company.

Beds are occupied with a combination of residents wholly and partially funded by the local authority, as well as some who are entirely self-funding from within and outwith the locality. To date, we have largely managed to place individuals in a home of their choice; there are currently 49 vacancies of which 37 are nursing vacancies and 12 residential vacancies. In the eventuality of a Care Home closing we would be in a position to meet the demand in term of placements. A smaller home could be accommodated in the remaining car homes in Inverclyde. Larger units of 60-90 beds are likely to be seen as viable businesses by other Care Home providers. There is currently no need to increase the number of care home placements in Inverclyde at this point or in the foreseeable future.

Inverclyde Council would only provide residential care (unless we went into partnership with a provider who was able to provide a Nursing Care Support). This would not be viable as the greatest demand is for Nursing Care placements.

4.5 Quality of Care

Table 1 details the current Care Inspectorate Grades for care homes in Inverclyde. All care homes currently have grades above good for all areas rising to very good and excellent in many cases. The Care Inspectorate grading scale is:

1 = Unsatisfactory, 2 = Weak, 3 = Adequate, 4 = Good, 5 = Very Good, 6 = Excellent.

Inverclyde is categorised by high quality of care provided in this sector as evidenced by these figures. There are no great concerns over the care provided and there is currently a close and productive partnership between the HSCP and care home providers which is focused on the sustainable provision of high quality care and support to older people and their families.

Care Home	Quality of Care & Support	Quality of Environment	Quality of Staffing	Quality of Management & Leadership
Alt-Na-Craig House	4	-	4	-
Bagatelle	4	-	4	-
Balclutha Court	4	-	-	5
Belleaire House	5	-	-	4
Campbell Snowdon House	6	-	6	-
Glenfield House	6	-	-	6
Holy Rosary	4	5	4	-
Kincaid House	5	-	5	-
Larkfield View	5	-	-	5
Marchmont	4	3	4	4
Marcus Humphrey	5	-	4	-
Merino Court	5	-	5	-

Newark	3	3	3	3
Sir Gabriel Wood's	4	4	5	4
Woodside	4	4	-	-

Table 1 Care Inspectorate Grades September 2018

Current care home providers have the knowledge and expertise to deliver high quality care home placements across Inverclyde to meet the needs of our residents. Current care home providers have a trained workforce who delivers excellent standards of care across Inverclyde. The HSCP no longer has a skilled workforce in place to run a modern care home. It is likely we would be in direct competition with already established providers in terms of attracting staff to a Council run facility.

4.6 **Costs**

Capital costs

The cost of constructing and running a care home is not economically viable and would increase the cost of overall provision of this care. Benchmarking with neighbouring local authority suggest that constructing a 60 bedded unit would be around £10 million. This amount of a loan (£10million) would impose a cost to the Council of around £60,000 per year over a 40 year period taking into account loan charges and payments. The commissioning design and construction of a building is likely to take with a 3-5 year run in to completion.

Recurring Costs

As part of the benchmarking process, local authority managed beds cost between £900 -£1,000 per week which is an annual gross cost of £48,000 to £52,000. As opposed to average national cost of £24,000 under the national care home contract. The difference in cost is around terms and conditions, pension contribution and management on costs. This excludes client contributions and loan charges costs. Independent providers do pay good levels of wages in line with the Scottish Living Wage but are also able to focus successfully on provision of care in this area thus providing efficiencies not obtainable by local authorities. Under the national care home contract we pay a fixed amount to care home providers for each placement and this is not dependent on the size of the care home.

4.7 **Conclusion of Feasibility Study**

Inverclyde HSCP completed a feasibility study around provision of an in-house care home in June 2018. There are some advantages of providing in-house provision of residential care:

As an active participant in the market we could directly influence quality of care though this would be marginal given the current high grades achieved by the majority of independent care homes.

It would reflect a mixed economy approach as is seen in community based resources and enhance the ability to work in partnership, though we may also be viewed as a competitor.

There are however significant disadvantages. The development would mean a major change in the current Older People Strategy and impact on the ability to provide flexible and person-centred support in the community.

It is likely that we could only provide residential care, against a backdrop of greatest need being for nursing care. The lead-in time is likely to be up to 5 years, during which time existing market provision could change considerably and this would limit our ability to react proactively.

To effectively lead a market of almost 750 beds, our stake would need to be at least 25% (equal to 187 beds).

From benchmarking with neighbouring local authorities, we understand recurring costs of provision are in excess of the national rates, cost £900 or more per week, an additional cost for a budget already under pressure. This would be additional to construction and start-up costs of around £10m. (60 bedded unit).

The future direction of policy is to focus further on shifting the balance of care to older people living in their own home until end of life.

5.0 PROPOSALS

- 5.1 At this point there is no requirement to increase the number of long term beds for older people in Inverclyde, particularly around residential care.
- 5.2 The Committee acknowledges that the expertise around Nursing and Residential care provision lies with the independent sector and this is reflected in the current Care Inspectorate grades. Any future requirement for increasing care home beds should be a partnership approach with independent providers.
- 5.3 The Council re-commits to the Older People Strategy to develop flexible community based resources to support older people to remain living at home in a safe and supportive environment.
- 5.4 Those future demographic pressures are looked at holistically and in partnership with housing providers.

6.0 IMPLICATIONS

FINANCE

6.1 Financial Implications:

The construction of a new care home would cost in the region of £10m and have significant running costs greater than purchasing care through the National Care Home contract.

Total costs around construction would incur estimated recurring loan repayments of £60,000 p.a. and recurring revenue costs in the region of £3.1million p.a.

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments

LEGAL

- 6.2 There are no legal implications in respect of this report.

HUMAN RESOURCES

6.3 There are no human resources implications in respect of this report.

EQUALITIES

6.4 Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
√	NO -

7.0 CONSULTATIONS

7.1 None.

8.0 LIST OF BACKGROUND PAPERS

8.1 None.