

EXECUTIVE BOARD – 19 JULY 2016

Subject:	Laura Chambers Lodge refurbishment		
Corporate Director(s)/ Director(s):	Alison Michalska, Corporate Director for Children and Adults Helen Jones, Director of Adult Social Care		
Portfolio Holder(s):	Councillor Alex Norris, Portfolio Holder for Adults and Health		
Report author and contact details:	Sue Foster, Senior Project Manager, Major Projects 0115 8763412		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £2,782,000			
Wards affected: Clifton South, St Anns	Date of consultation with Portfolio Holder(s): 12.2.2016		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<ol style="list-style-type: none"> 1. There is insufficient learning disability residential capacity in the city resulting in out of city placements having to be made. Oakdene learning disability residential care home has now reached the end of its useable lifespan. It will either require demolition or extensive refurbishment (either option would require the relocation of current residents whilst works are carried out). 2. The footprint of the Oakdene site only allows for building vertically and is not suitable for a level, flat site with a maximum of two levels. The Oakdene floor layout makes the service difficult to manage. Oakdene is registered for 28 beds of which two beds are inaccessible due to the layout and size of the rooms, reducing the capacity to 26. 3. There is currently no in-house provision to support the most complex learning disabled adults so a small group of expensive private sector providers have to be used. 4. There is currently a national drive to support citizens in long term hospital accommodation to leave hospital and access services in their local communities – post Winterbourne. 5. Laura Chambers Lodge, a former Nottingham City Council run 30 bed care home, was vacated in January 2016 after public consultation to allow a refurbishment to take place for the home to become a replacement for the Oakdene service. It remains vacant. 6. There is no grant or capital funding available to pay for the refurbishment works required leaving prudential borrowing as the only option available. 			
Benefits:			
<ol style="list-style-type: none"> 7. The Laura Chambers Lodge site allows for three learning disability services to be delivered from one site – a complex care facility (6 beds), respite for short breaks and emergencies (4 beds) and a long term residential facility for citizens with medium to high care needs (25 beds). Creating an overall capacity of 35. 8. This internal provision provides good value for money and would be 			

<p>considerably cheaper than external provision for an equivalent service – please refer to business case.</p> <p>9. Adult Provision has a proven track record of providing “overall good “adult care services as determined by the Care Quality Commission and the proposed service would be managed to these established high standards by the same staff team.</p> <p>10. The Laura Chambers Lodge site is already an accepted and valued community resource in Clifton.</p> <p>11. The proposed new service will support local jobs for local people.</p> <p>12. Nottingham City learning disabled adults requiring residential care will have a purpose built option within the City boundaries and the City Council will retain a foothold in the residential care home market for learning disabled adults.</p> <p>13. The money required to address identified building maintenance issues at Oakdene estimated in 2013 at over £400,000 would not be required.</p>
<p>Exempt information: None</p>
<p>Recommendation(s):</p>
<p>1 To approve the refurbishment of Laura Chambers Lodge at a total scheme cost of £2.782 million with the additional capital required for the scheme via Prudential Borrowing for the amount of £2.487 million.</p>
<p>2 To approve the procurement of a contractor for the detailed design and build within the funding envelope of £2.3 million and to delegate authority to the Portfolio Holder for Adults and Health in consultation with the Corporate Director for Children and Adults and the Corporate Director of Resilience to let the contract following the procurement process.</p>
<p>3 To approve the procurement of goods and services for the purpose of the supply and fitting of furniture and equipment at Laura Chambers Lodge within the funding envelope of £0.211 million and to delegate authority to the Portfolio Holder for Adults and Health in consultation with the Corporate Director for Children and Adults and the Corporate Director of Resilience, to let the relevant contracts following the tender process.</p>
<p>4 To delegate authority to the Director of Strategic Assets and Property Management to agree the sales terms (including price) and also to implement any recommendations which will maximise the capital receipt to be achieved on sale (which may include demolition of the existing structure).</p>
<p>5 To approve the creation of a reserve to fund major repairs and maintenance issues across the Adult Provision estate, to contain the unspent revenue budget from the provision for repairs and maintenance of buildings.</p>

1 REASONS FOR RECOMMENDATIONS

- 1.1 Oakdene is beyond economic improvement, was not purpose built for the service it provides, requires substantial maintenance and repair works and therefore the service needs to be relocated and the building demolished.
- 1.2 The refurbishment of Laura Chambers Lodge will be both cost effective and demonstrate best value. The current building is considered to have been maintained in good repair, requiring modernisation to already available en suite facilities, reconfiguration of room layouts and re-decoration of rooms and corridors. The site has extensive safe, secure, both inside and outside spaces.
- 1.3 The 2013 building condition survey for Oakdene residential care home identified works to the value of £404,000 however this work is only for repairs and maintenance and it does not address the issues relating to the layout of the building design.
- 1.4 During 2015 the Council held Public consultations to consider the proposal to

close Laura Chambers Lodge as a care home for older people as there was adequate provision for that user group in the City. It was proposed then to refurbish the site to become the replacement for the Oakdene learning disability service with 6 additional beds for learning disabled adults with complex needs. The outcome of these was to support the proposal.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 In January 2013 Nottingham City Council Executive committee approved Adult Provision services to embark on an estate plan with a vision to improve the sites and services where day and residential services were delivered from in order to meet the changing needs of vulnerable adults.
- 2.2 The Adult Provision Estate plan had 4 phases and we are now at the final phase. Laura Chambers Lodge originally had £800,000 in the capital programme approved at the Council's Executive Board in January 2013. This was for a refurbishment of the elderly person's residential home. Delegated decision 2273 reallocated £563,000 from Laura Chambers to The Oaks to carry out additional works on that building above its original funding levels leaving £237,000 for Laura Chambers. Following a decision to relocate the residents from Oakdene, which is a home for adults with learning disabilities, to Laura Chambers Lodge and extend the unit to accommodate 6 complex needs beds, additional funding is now required. The completion of this phase can only be achieved via prudential borrowing as neither grant funding nor capital funding is currently available.
- 2.3 During 2015 the following public consultations on the proposal to close Laura Chambers Lodge and for it to re-open as a home for learning disabled adults took place:

08.09.2015 10.30am Laura Chambers Lodge
08.09.2015 2.00pm Oakdene
29.09.2015 7.00pm Laura Chambers Lodge
30.09.2015 7.00pm Oakdene
19.10.2015 5.30pm Clifton Cornerstone.

After these consultations a petition opposing the Laura Chambers closure was made to the Council.

On the 9th November 2015 the council made the decision to proceed with closure /refurbishment proposal.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

The Business Case identifies five options, however this report focusses the reader on the preferred option and recognises the limited resources available to achieve the outcome.

3.1 Do Nothing Option

This automatically results in the retention of Oakdene Residential Unit. Refurbishment costs will be high and will not result in a good quality building that offers modern facilities and is value for money. Maintenance costs will increase over time and the building itself is time limited.

Laura Chambers Lodge would be sold with an approximate value of £300,000. Laura Chambers Lodge is currently incurring additional costs with regard to site security for the prevention of access by travellers or instances of anti-social behaviour whilst the building remains largely empty and in regard to the continuation of statutory testing, lighting, heating, telephone costs and emergency repair.

The Council has already agreed the closure of Laura Chambers Lodge and for it to be refurbished as a replacement for Oakdene with 6 additional beds for learning disabled adults with complex needs.

3.2 **Basic Refurbishment of Laura Chambers Lodge**

This would cost approximately £700,000 and result in the Oakdene site being demolished and sold with a capital receipt of £100,000. However, Laura Chambers Lodge has 30 bedrooms but 5 of these are not suitable for those with learning disabilities. The refurbished unit would not be able to accommodate those with complex needs.

3.3 **New Build residential facility on the Laura Chambers Lodge site**

Total costs for a demolition and rebuild of Laura Chambers is estimated at £4.5 million and would take in the region of 30 months to complete. This would create a modern unit for residents at Oakdene, respite and emergency beds and a separate unit for 6 people with complex learning disabilities. However, financially this is not viable due to the Prudential Borrowing pay- back period.

3.4 **Outsource provision**

This option would result in the demolition and sale of Oakdene and subsequent sale of Laura Chambers lodge. It would result in there being no in-house residential services for Adults with a Learning Disability within the City of Nottingham. It would increase costs providing private residential care for the 21 adults with learning disabilities currently at Oakdene. The sale of Laura Chambers and demolition/sale of the Oakdene site would provide a capital receipt of £400,000. This option would result in the loss of highly skilled staff; if staff could not be TUPEd over to external providers, the redundancy payments would cost approx. £638,000.

3.5 **Preferred Option**

Refurbish Laura Chambers Lodge and close Oakdene Residential Unit

This option will create additional capacity in the City of Nottingham for Adults with a moderate to severe learning disability who are assessed as requiring residential care. It creates a small six bedded unit for adults with a learning disability who have complex needs and challenging behaviour. Currently few adults with similar needs are accommodated in Nottingham, requiring expensive "out of city" placements - the typical cost for such specialist care being between £2,000 and £3,000 per week.

Clifton is an area of Nottingham with a strong community focus with the result that citizen inclusion will be maximised whilst maintaining or enhancing independence and providing increased and varied opportunities and experiences.

The unit is situated in a residential area, opposite a public park and with extensive public facilities nearby i.e. leisure centre, Tram, shops.

The current 21 Oakdene long term residents and 50 plus different citizens accessing the service for short breaks / emergencies will transfer to Laura Chambers Lodge with their current support staff, thereby minimising disruption and stress.

The total refurbishment and new build costs have been estimated at £2.782 million. This is broken down as follows:

- refurbishment and building alterations to the existing Laura Chambers Lodge - £1.2ml
- the demolition of part of the existing Laura Chambers Lodge, new build consisting of six bedrooms for people with high and complex needs, separate reception, dining room and community spaces (activity rooms) - £0.869m;
- furniture and a new central kitchen - £0.211m ;
- fees, surveys and project management - £0.308;
- project contingency at 7.5% - £0.194;

Please refer to the Business Case - Plan supplied by Philip Best Design Ltd. This plan has been highlighted by Philip Best for ease of reference

Subject to this approval, detailed design would commence summer 2016 and it is envisaged that a high quality service will be delivered, from an appropriately refurbished building and needs led new build by spring 2018.

The cost of this scheme will be funded by Prudential borrowing. A detailed option appraisal, capital financial model and revenue impact can be found in the attached Business Case (Appendix B).

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 The cost of the project to refurbish Laura Chambers Lodge is £2.782 million made up as follows;

	£m
Refurbishment/alteration of existing building	1.200
Construction and fit out of new wing	1.080
Design, project management, etc	0.308
Contingency	<u>0.194</u>
	<u>2.782</u>

4.2 It is proposed to fund the project as follows;

	£m
Prudential borrowing	2.487
Capital receipt	0.100
Existing capital provision	<u>0.195</u>
	<u>2.782</u>

4.3 Attached to this report is the business case for the scheme. In summary this shows that, in cash terms, there is a £0.042m saving annually after completion of the building and a payback period beyond the 25 year modelling period. The net present value is £0.038 million over a 25 year period.

- 4.4 There is currently a £0.470m ongoing saving requirement in respect of Adult Services in the Council's Medium Term Financial Plan. The £0.042m annual saving from this project will contribute towards this requirement.
- 4.5 The £0.042 million saving does not include provision for a contribution to a sinking fund for future major repairs/replacement. However budget provision of £0.398m per year is available to support repairs and maintenance, catering equipment and replacement furniture across Adult Provision sites. In recent years this provision has been sufficient to meet annual requirements and therefore the recommendation to transfer underspends against these budgets into a replacement programme reserve is supported as it will mitigate future unplanned repairs/replacement.
- 4.6 The following table shows a comparison between internal and external costs;

INTERNAL COSTS		£
Gross Cost of Existing Oakdene beds		998,076
Additional cost of staffing 6 beds		<u>459,000</u>
		1,457,076
Prudential Borrowing costs		<u>142,116</u>
		1,599,192
Allocation of Direct & Corporate Overheads (est)		<u>275,000</u>
Total		<u>1,874,192</u>

EXTERNAL MARKET			£
		Rate to LA	
29	Moderate Severe Beds	£1,150	1,738,869
6	Complex	£1,875	<u>586,575</u>
			<u>2,325,444</u>
Reduced cost of maintaining Local Authority v External Provision			<u>451,252</u>

- 4.7 A number of assumptions have been used in the modelling described above which are described below.

4.7.1 The net saving figure is based on an external market rate for a citizen with complex needs of £2,500 per week. It is not possible to give an exact figure and external prices will vary depending on the level of need. £2,500 is assessed to be a reasonable estimate based on current external placement. Demand must be managed within the Learning Disability market so that this extra capacity releases efficiencies to support these recommendations and the complex beds are filled through either those transitioning from Children's services or Adults moving from their current residential placement

4.7.2 The model is based on a 25% contribution from Health and it calculates only the saving to the City Council, i.e. £1,875 per week. However, under a pooled budget arrangement, it could be argued that the full cost of the external placement would be saved, i.e. £2,500. This would improve the NPV surplus to £2.850 million and reduce the payback period to 14 years.

4.7.3 The model uses a discount factor for NPV purposes of 3.5%. This is felt to be reasonable as this project is not deemed to be commercial which would warrant a higher discount rate.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The proposals set out in the report will require Legal Services' input to assist in the preparation of terms and conditions of contract for the various procurement elements unless these are to be secured through existing framework arrangements. In all other regards the proposals raise no significant legal issues and are supported.
- 5.2 There are no significant procurement concerns with either of the routes for delivery proposed in the business case.
- i) Appointing either of Nottingham City Council's (NCC) internal Design Team or Nottingham City Homes to project manage the scheme are valid options in line with the Council's Constitution.
 - ii) Awarding works to a framework contractor is acceptable on the understanding that any framework used has been compliantly tendered in line with the Public Contracts Regulations, and is operated according to the framework terms.
 - iii) Any tender exercise undertaken would need to be procured in line with the City Council's Contract Procedure Rules and the Public Contracts Regulations, supported by the Procurement Team.
- Should the proposed route for delivery differ from that presented in the business case, we would advise that further dialogue take place with the Procurement Team to ensure that any proposals are compliant with NCC rules and national legislation, and deliver value for money.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 6.1 NCC own the freehold for both Laura Chambers Lodge and Oakdene. Oakdene has outstanding repairs of £404,474 (condition survey 2012) and Laura Chambers has outstanding repairs of £135,007 (condition survey 2012).

Approval was given in November 2015 to close Laura Chambers, with the view to convert the building into Learning Disabled Residential Provision and close the existing site at Oakdene, as the Laura Chambers site is better located and more suited to the future provision of learning disabled accommodation needs.

The staff establishment at Laura Chambers Lodge were transferred to the Oakdene staff establishment (and redeployed elsewhere) in anticipation of approvals being given to capital works at Laura Chambers Lodge, for conversion. The cost of refurbishment works are estimated at £2.782 million.

Revenue implications regarding the relocation of the service provision from Oakdene to Laura Chambers Lodge will see an increase in staff cost of £434,000, premises costs and FM will also increase by £25,000. These increased revenue costs; will be met by the additional income generated from the 6 complex needs beds, 2 additional respite beds and 1 additional permanent bed.

There is a revenue shortfall of £191,616 in year 1 that will need to be funded from reserves and finance is aware of this requirement.

From year 2 onwards the project shows a positive revenue contribution with a payback period of 25 years and Internal Rate of return (IRR) of 2.02%

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The proposal to refurbish Laura Chambers Lodge will enable adults with learning disabilities to live active and fulfilled lives in a community setting. Nottingham learning disabled citizens will be supported to continue to live in their home city.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 N/A

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

Attached as Appendix A, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 Business Case, 'Reprovision of Oakdene Residential Unit to refurbished Laura Chambers Lodge' June 2016 (Appendix B)

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 11.1 ASC Estate Report 20.10.2013 (Executive report January 2013)
- 11.2 HR Delegated Decision Report (November 2015) 'Disestablishment of the Laura Chambers Lodge residential care home establishment and increase Oakdene residential care home establishment' ref PH/WC/O
- 11.3 Adult Provision and Health Integration, The Oaks, Phase 2 refurbishment (delegated decision mandate 2273, December 2015)
- 11.4 Adult Provision and Health Integration, Architectural Design for Laura Chambers Conversion (delegated decision mandate 2238, February 2016)

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

- 12.1 Strategic Commissioning Team – Sharon Bramwell (*Commissioning Manager*)
Transforming Care for people with learning disabilities
Following the Winterbourne View scandal, exposed by the Panorama programme, there has been a cross-government commitment and subsequent pledge to support people with learning disabilities and/or autism who display behaviour that challenges, including behaviour that can lead to contact with the criminal justice system by:
- Moving all people with learning disabilities and/or autism inappropriately placed in such institutions into community care;

- Reducing the number of hospital beds to prevent inappropriate hospital admissions.
- Production of a Service model for commissioners of health and social care services (*published on 30 October 2015*) which includes national planning assumptions for re-designing services. All areas of the country will be expected to undertake transformation within learning disability services in line with the new service model and this will be reflected in the planning guidance for 2016 / 2017.

Nottinghamshire including Bassetlaw is one of five “Fast Track” sites with a transformation plan to strengthen community services, reduce reliance on in-patient beds (non-secure, low and medium secure) and close some in-patient facilities.