

**Children's and Adults' Care and Education Committee - 13 February 2019**

**Finance and Contracts Committee - 14 February 2019**

**Older People's Accommodation: Dementia Nursing Home Programme**

Report by the Director of Adult Services

Call-in deadline 5pm Wednesday 27 February 2019 (ten working days after the meeting)

**Purpose**

To report progress on the development of a specialist dementia nursing home for older people to be built, subject to planning approval, by the Council in Brown's Road, Surbiton, KT5 8SP and authorise further work to develop the options for a Council Owned trading company to operate the home.

**Recommendations of the Portfolio Holder for Adults Social Care and Health**

**To Children's and Adults' Care and Education Committee**

To **Resolve** that -

1. the Director of Adult Social Services is authorised to progress the project as described in paragraphs 8-29 of this report; and
2. the Finance and Contracts Committee is **RECOMMENDED** to approve additional capital funding of £5.26m (ref paras. G & H of the report) to support the project.

**Benefits to the Community**

The home will make a significant contribution to meeting the predicted future demand for higher acuity dementia care in the Borough.

The home addresses the risk of insufficient bed-based care being available in the Borough resulting in increased competition for places, a significant increase in the cost of care for people whose care is funded by the Council, and increased pressure on beds in Kingston hospital resulting in increased NHS costs and potential service failure.

Development of a centre of excellence for dementia care in the Borough with potential for development of community based outreach services.

**Key Points**

- A. There is a pressing need in Kingston, and across London, for affordable nursing beds in modern buildings that can be used to deliver high quality services safely and efficiently. To meet some of this future need, and to avoid strategic failure of supply, the Council proposes to build an 80 bed, dementia nursing home in Brown's Road, Surbiton KT5 8SP, on the site of the old Newent House Care Home.
- B. This report provides an update to the Committee on the implementation of the project since the last report to Committee in September 2017, outlines the consultation timetable for planning and construction phases of the project, and seeks approval to further develop options for operation of the new home.
- C. There are estimated to be around 1,500 residents in Kingston living with dementia. It is predicted this figure will rise to over 2,100 people with dementia by the year 2027. The new specialist 80-bed dementia nursing home will help provide care for the increasing number of older people with dementia in the borough, and will also generate income from residents who are able to fund their own care to support the capital cost of the project.

- D. The home will be owned by the Council and run by a Council-owned, independent operating company which will deliver high quality nursing and care services. By investing in this way the Council can ensure that Kingston residents will have priority access to the very best in dementia care
- E. Based on estimates for build, fit-out and project costs made in summer 2017, the Dementia Nursing Home project was allocated £10.29m capital funding for implementation, subject to procurement and gateway reviews at Concept Design (costed design meeting the Council's criteria), and Construction Stages.
- F. The project is now at the end of the Concept Design stage.
- G. A concept design for the new home on the Brown's Road site that meets the Council's design criteria has been developed and costed (target cost subject to planning and procurement of subcontracted services). The target whole-project cost for design and build of the new home is £15.55m.
- H. The increase in capital cost has arisen mainly from the increase in the cost of the building (bedroom size; increase in labour costs); additional project costs (some sunk costs arising from work with the previous design and build partner); and a 5% whole-project contingency (an additional 5% construction only contingency is built into the Design and Build cost):
- |                  |          |
|------------------|----------|
| Design & Build   | +£3.95m  |
| Project costs    | +£0.570m |
| Contingency (5%) | +£0.740m |
| Total Additional | +£5.26m  |
- I. Officers recommends that the additional costs be approved as necessary for the delivery of a home that meets the highest design specification for delivery of higher acuity dementia care for residents.
- J. In January 2019 the project, costs, and the financial business case for the home underwent a gateway review by the Corporate Resources Panel of the Council. The financial position for the Council as landlord remains positive. The lease income for the home, at £880k per year with an increase of 3% per year thereafter, adequately covers interest and repayment of the £15.5m capital sum over the 40 year life of the building, including landlord responsibilities for the tenant-serviced lease. Actively managed lease arrangements will be put in place to safeguard the Council's financial position over the life of the building.
- K. The CACE Committee is asked to approve completion of the design for the new home, with submission for planning approval in February 2019, followed by formal public consultation and, subject to planning approval being granted, a review of the Guaranteed Maximum Price for construction in May 2019.
- L. The Committee is asked to approve further work, led by the Director of Adult Social Care with the Director of Corporate and Commercial, and the Assistant Director of Law and Governance, to define options for development of a Council-owned operating company to run the home. The Director of Adult Social Care proposes to set up a reference group of interested members to ensure that the new company has appropriate member oversight and is properly aligned with the aims and values of the Council. A report and recommendation on options for the new company will be made to a future meeting of this Committee prior to submission to full Council for approval.

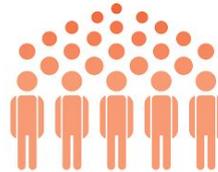
# Kingston Dementia Nursing Home 2020

Delivering dignity in dementia care



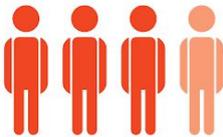
**225,000**

people will develop dementia this year, that's one every 3 minutes



**1,500**

people live with dementia in Kingston. Expected to rise to 2,100 by 2027



**72%**

of Kingston residents will never qualify for Council Funded Care



**25 miles**

the distance from patient's homes most London boroughs offer placements



**£1,300**

the median weekly cost of bed-based care in South West London



**+200**

number of additional placements per year made by Kingston adult social services by 2021



**72,000**

the estimated number of people living with dementia in London

1. The Borough has an increasing number of older residents who need bed-based care towards the end of their lives. Demand is particularly high for services for older people with dementia - there are estimated to be around 1,500 residents in Kingston living with dementia and it is predicted that this number will rise to over 2,100 people by the year 2027.
2. On 29 September 2016 the Adults and Children's Committee reviewed analysis of the forecast demand for Council-funded bed-based care in Kingston and resolved to initiate a project to develop one or more care homes for higher acuity dementia care for people aged 65+ in Kingston by 2020/21.

3. On 21 September 2017 the Adults and Children's Committee received the detailed business case for development of the first home and authorised the Director of Adult Social Services to implement procurements for goods and services to implement the project.
4. Capital funding for the project was approved by Treasury Committee on 5 October 2017.
5. In December 2017 the Council implemented a procurement for a design and build partner for the home. A contract was awarded to Willmott Dixon Ltd. in March 2018. The Centre for Dementia Services Design, University of Stirling were retained as quality advisors to the Council, and Gleeds Ltd as cost advisers.
6. The Council terminated its contract with Willmott Dixon in July 2018 and procured the services of Integrated Health Partners (Vinci Construction and Sir Robert McAlpine) as design and build partner via the Department of Health Procure 22 framework to deliver a design meeting the Council's requirement.
7. In November 2018, local Councillors were briefed on a new concept design for the home at a project room set up on-site for local consultation in the old Newent House Offices. Following these meetings, in December 2018, initial pre-application discussions were held with the Council planning department based on concept design.

### **Development of the Project - Delivering Dignity in Dementia Care**

8. This aim of this project is to assure an adequate and financially sustainable supply of good quality nursing care in Kingston for older people with higher acuity support needs and deliver dignity in dementia care.
9. A summary of the overall timeline for development of the project is attached at **Annex 2** to this report.
10. Our vision is to make this first home a great place to work and live. A home rooted in the local community, with services inside and outside the home that help people with dementia to live safely and with dignity. Working with the local community we will explore community engagement in :
  - the use of art and music in the home
  - gardening
  - reading and visiting
  - history and intergenerational projects.

# Kingston Dementia Nursing Home 2020

## Delivering dignity in dementia care

On this derelict site the Royal Borough of Kingston Council will build the first publicly-funded dementia nursing home in London for 40 years.

A home rooted in the local community, with services inside and outside the home that help people with dementia to live safely and with dignity.

Set to open by 2020, the new home will be owned by the Council and run by a Council-owned, independent operating company.

**80** Beds

**60%** self-funding

**40%** publicly funded

**Excellence in dementia care**

**Sustainable services**

**January 2021** first residents



## Design and Build of the Home

11. Project delivery of the design and build element of the project is being managed in line with the Royal Institute of British Architects best practice under a NEC3 (Engineering and Construction Contract 3). The approach provides for clear stage controls (Concept Design; Developed Design; Technical Design; Construction) and a Guaranteed Maximum Price for the building from Integrated Health Partners before building work begins. A summary of key dates in the design and construction elements of the project is shown below (a larger version of this timeline will be available at the meeting).



12. The project is on target, subject to approval of this Committee to proceed, to submit a planning application for the home by end February 2019. The formal process and timetable for planning applications will then apply. For project management purposes we have assumed a May date for a decision by Development Committee
13. In addition to the formal planning consultation, a temporary project room has been set up in the old Newent building to support early discussions with local residents and our partners in care and health delivery on development of services, both inside and outside the home.

## Operation of the Home

14. In September 2017 the Adults and Children's Committee agreed to explore options for formation of a wholly Council owned, independent health company to operate the home.
15. Officers have taken initial legal advice on formation of the Company and, subject to approval to proceed with the project, will explore formation of a company

operating under a charter - a legally binding statement of the aims and values of a company or business including a definition of scope of operation - assuring service priority for Kingston residents and equitable access to placements based on need. A report on options and recommendations will be brought to a future meeting of this Committee.

16. The target date for formation of the Company is September 2019, subject to agreement by this Committee followed by approval at full Council.

## **Governance**

17. *The Project Delivery Board* for the Kingston Dementia Nursing Home is : Director of Adult Social Care (Chair and SRO); Director of Corporate and Commercial; Director of Law & Governance. The Project Board will make quarterly reports to the Council Senior Leadership Team chaired by the Chief Executive of the Council.
18. *Member Oversight and Community Engagement* : In addition to the formal reporting arrangements to this Committee, the Director of Adult Social Care in consultation with the Leader, the Cabinet Portfolio Holder for Adult Social Care, and the Cabinet Portfolio Holder for Finance will put in place arrangements to assure effective Member oversight and community engagement in the project.

## **Consultations**

19. Formal planning consultation will take place in line with the Council planning regulations. Additional service development and local resident consultation will take place in line with the project delivery aims and timeline.

## **Timescale**

20. Timescales for delivery, subject to Committee and planning approval are show in paragraph 11 and at **Annex 2** to this report.

## **Resource Implications**

21. A whole-project capital allocation of £15.55m is required to implement the design and build elements of this project. The detailed business case for the project was reviewed at a special meeting of the Corporate Resources Panel, chaired by the Chief Executive of the Council on 9 January 2019. The additional project expenditure was approved, subject to a decision by this Committee to proceed, for recommendation as part of the Capital Programme 2019-2020 to Finance & Contracts Committee on 14 February 2019.

## **Legal Implications**

22. South London Legal Partnership (SLLP) has been consulted on legal and contract implications of the design and build elements in this report.
23. Further consultation will be carried out on the options for formation of the operating company for the home and will be submitted as part of the future report for decision to this Committee and Full Council.

## Risk Assessment

Risk	Likelihood	Impact	Mitigation
a. Build (& other setup costs) exceed estimates.	Moderate	Moderate	i. Contract prices for the development and setup of the home were higher than predicted in the initial business case. The NEC 3 contract with IHP will now deliver a Guaranteed Maximum Price for the construction of the home on which the Council can make a final decision before committing to the build.
b. Income and costs used in this model are not achieved	Moderate	High	ii. Modelling of income for the Operating Company is based on benchmarked costs for similar homes in South West London. The Council, subject to agreement at Committee and Full Council intends to recruit Board Members and an Executive Team with appropriate commercial experience to operate the home and develop the care business.
c. Future unit cost of dementia nursing care in the general market is lower than those projected	Low	Low	i. The costs to RBK is modelled on 16/17 average costs for a dementia nursing placement and a low/moderate rate for people funding their own care. Prices would need to fall below this to impact the business case. It is almost inconceivable that prices for nursing care in London will fall in the future.
d. Potential benefits from alternative uses of the capital sum deployed are significantly better than those offered by this project.	Moderate	Moderate	i. The Council is making this investment in order to address the risk of strategic market failure (see risk e.) and a rapid increase in cost of care in the market and/or of emergency alternative provision. The business case demonstrates how, with an appropriate margin, borrowing costs will be met and the capital sum repaid.
e. Should the Council decide not to proceed with the project there is a shortage of dementia nursing placements in the local area.	High	High	ii. The risk that the Council is unable to find an adequate supply of nursing care to meet demand is high. If the Council decides not to proceed with the recommendations in this report it is likely that the Council will need to enter an arrangement with a private provide of care to secure and adequate supply of beds to meet project need. It is highly unlikely that this arrangement would be more economically advantageous to the Council than this project.

## Equalities Impact Assessment

24. The proposals in this paper do not change existing policy for commissioning bed-based care for older people. However, an EQUIA has been completed to demonstrate the approach to quality in design of the building for delivery of dementia care services.

## Health Implications

25. *Investment in Health Infrastructure* : the Kingston Dementia Home project represents a significant investment by the Council in the health infrastructure of the Borough.
26. *Wider Service Development* : the development of a centre of dementia care excellence and close working with other providers in the Borough will improve the quality of dementia care more widely and provide much needed additional services.
27. *Savings to Health* : the Joseph Rowntree trust et al have demonstrated that provision of nursing care in bed-based establishments can save the health services more widely up to 76% on the cost of care for an individual compared with the cost of supporting an individual in a home without nursing care.

## Road Network Implications

28. Road network implications have been discussed in pre-application discussions with the Transport Officer and will be addressed as part of the formal planning application.

## Environmental & Air Quality Implications

29. Environmental and air quality implications will be addressed as part of the formal planning application.

**Background papers** held by the author of the report, Stephen Taylor, Director of Adult Services [stephen.taylor@kingston.gov.uk](mailto:stephen.taylor@kingston.gov.uk) tel 020 8547 6052

- Report to the Adults and Children's Committee - 29 September 2016  
<https://moderngov.kingston.gov.uk/documents/g7997/Public%20reports%20pack%20Thursday%2029-Sep-2016%2019.30%20Adults%20and%20Childrens%20Committee.pdf?T=10>
- Report to the Adults and Children's Committee - 21 March 2017  
<https://moderngov.kingston.gov.uk/documents/g8000/Public%20reports%20pack%20Tuesday%2021-Mar-2017%2019.30%20Adults%20and%20Childrens%20Committee.pdf?T=10>
- Report to Adults and Children's Committee - 21 September 2017  
<https://moderngov.kingston.gov.uk/documents/g8261/Public%20reports%20pack%20Thursday%2021-Sep-2017%2019.30%20Adults%20and%20Childrens%20Committee.pdf?T=10>
- Care Homes Trading Performance Review 2016, Knight Frank  
<http://www.knightfrank.co.uk/research/reports/care-homes-trading-performance-review-2016-4176.aspx>

ADASS Budget Survey 2018

<https://www.adass.org.uk/adass-budget-survey-2018>

Joseph Rowntree - Providing nursing support within residential care homes

<https://www.jrf.org.uk/report/providing-nursing-support-within-residential-care-home>

DNH 2020 Form B - Full equality impact assessment

<https://docs.google.com/document/d/15Luea4BTE7IsO2bPa-Ui12-WaPzfwCyKpRxxghmOVsc>