

# **Scrutiny review: RMBC Residential Homes**

Review of the Health Select Commission

*September – December 2012*

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## **Executive Summary**

### **The aim of the review:**

The review group was made up of the following members:

- Cllr Brian Steele (Chair)
- Cllr Dominic Beck
- Robert Parkin (co-optee, Speak-up)
- Cllr Colin Barron
- Cllr Christine Beaumont

### **Summary of findings and recommendations**

The overall aim of the review was to achieve an understanding of value for money, outcomes and quality of service provision and in particular, the potential impact of budget cuts on this. The review would make recommendations to the Executive to be considered alongside the process of setting and reviewing the budget for 2013/14.

It would also aim to support the achievement of the following Council priorities from the Corporate Plan:

- Ensuring care and protection are available for those people who need it most
- Helping to create safe and healthy communities.

The review is reported under the five sub headings; staffing, catering and entertainment, buildings and maintenance, costs and comparisons and options for the future. Each of these sections of the review has its own recommendations. There are 10 recommendations in total, listed below.

1. That RMBC corporately agrees to review the terms and conditions of the staff to address issues of out of hours enhancements and sickness absence payments.
2. That Human Resources and NAS Management consider urgently whether the permanent recruitment freeze could be lifted for the two homes, enabling them to take more control of some of the staffing costs.
3. That the hard work and commitment of the staff and managers of both homes be recognised and the achievements made in enhancing the dignity of residents.
4. To provide the opportunity for the teams to explore this further and to generate independent income for the homes to enhance the experience for residents and to

ensure that quality of provision is maintained as far as possible. This might also include some independent management of procurement for food and catering items.

5. That further work is done with the procurement team of the Council to look at value for money in the current contractual arrangements and a review of how the food budgets are spent is carried out in conjunction with the managers of the homes.
6. That consideration is given to the extent to which the handyman service or another internal employee could be trained to carry out some of the maintenance services that are currently causing the homes to go over their repairs and maintenance budgets.
7. That the same review contained within recommendation 5 for food procurement is carried out regard to procurement of cleaning, repairs and maintenance services
8. Cabinet do not cut staff hours per resident below 25 as it is felt this will be to the detriment of the quality of the service provided.
9. That Cabinet re-consider the proposal to reduce the number of managers within the homes, as this is likely to result in re-deployment and payment protection costs which could outweigh the savings being made.
10. That the Council looks at alternative ways to manage the capital costs and borrowing associated with this, which potentially remove the burden from the revenue budgets of the homes.

## **1. Why members wanted to undertake this review?**

This review was identified in the work programme for 2012/13 and was prioritised by both Scrutiny Members and the Cabinet Member for Adult Social Care. In light of the budget pressures being faced by the Council and the need to identify further budget cuts it was felt that an independent view on the future of the homes was required. It took place, alongside a financial review, commissioned by Neighbourhoods and Adults Services management, and delivered by Price Waterhouse Cooper. The aim of the Scrutiny review was to add value to the work carried out by PWC and to allow a wider range of discussion to take place about the future of the homes.

The overall aim of the review was to achieve an understanding of value for money, outcomes and quality of service provision and in particular, the potential impact of budget cuts on this. The review would make recommendations to the Executive to be considered alongside the process of setting and reviewing the budget for 2013/14.

It would also aim to support the achievement of the following Council priorities from the Corporate Plan:

- Ensuring care and protection are available for those people who need it most
- Helping to create safe and healthy communities.

## **2. Terms of reference**

The work of the review group was split into two distinct pieces of work:

1. To understand the workings of the residential homes set in the context of Adult Social Care delivery, funding and regulations. This involved spending a full afternoon with the managers and staff of both homes.
2. To receive a summary of the work completed by PWC and the main recommendations regarding the future of the homes.

These two pieces of work were brought together in a final meeting of the review group to pull together their own recommendations.

The review has been provided with support and evidence by a number of officers for Neighbourhoods and Adult Services and these were as follows:

Tom Cray – Strategic Director  
Shona McFarlane – Director of Health and Wellbeing  
Ros Brown – Service Manager  
Lynn Todd – Manager, Davies Court  
Lisa Sykes – Manager, Lord Hardy Court  
Doug Parkes – Business Manager  
Sarah Turner and Paula Woodward – Team Leaders, Lord Hardy Court  
Sue Severns and Denise Smith – Team Leaders, Davies Court  
Vanessa Barlow – Senior Care Assistant, Davies Court

Juliette Seargent and Denise Gelthorpe, Care Assistants, Davies Court

The review also included visits to two independent homes in the Borough, to allow review group members to benchmark the two Council run homes under review.

In total the review group met 5 times and the notes of these meeting are available as background documents to this report.

### **3. Background**

At the first meeting of the review group, members were provided with the background information and context within which the two homes operate. This is summarised as follows:

- All residential homes are assessed as part of the Home from Home scheme and are graded bronze to gold. Both Davies Court and Lord Hardy Court are currently graded silver
- Each home has 60 beds
- Of these 30 beds are designated for people who have a mental health problem (Elderly and Mentally Ill EMI), 15 are residential and 15 are intermediate care or fast response beds. The latter category is provided in partnership with NHS Rotherham and part funded through intermediate care pooled budgets and NHS reablement grant.
- All EMI beds are fully occupied
- The intermediate care beds have an occupancy rate of 80% which is the highest ever and length of stays is 16 days which is good performance
- People living at home after 91 days from discharge from intermediate care is at 89.53%, a best ever performance achieved.
- The homes were new build and were designed to allow the consolidation of residents from a number of older buildings into the new ones. The old homes were then transferred to Asset Management. Some of the old homes have since been sold and the Council benefited from the capital receipt.
- Because of the design of the buildings and the accommodation of larger numbers of residents, there has been an increase in the staffing levels from those originally planned, particularly for night shifts.
- The remaining homes that have not been sold sit within the Council's property bank and ongoing costs i.e. security, are met by corporate budgets.
- The independent sector has higher vacancy rates and the Council homes continue to be very popular with regular enquiries. Waiting lists are not kept.

## **4. Residential Homes.**

### **4.1 Staffing.**

Members of the review group were provided with the staffing structures and the working patterns of the staff. It was recognised from very early on that the homes would always struggle to remain competitive in terms of costs with the independent sector because of the terms and conditions of the staff, employed by the Council. Members felt strongly from the outset that the need to reduce costs

within the two homes should not result in a deterioration of the quality of the service provided. They were keen to look at value for money and to assess the quality of the provision as well as their financial viability. It was viewed that the review needed to make recommendations about achieving the right balance between these two things.

It was noted that the majority of the costs of the homes were related to staffing costs. It was also noted that staffing costs were higher than originally planned for the two homes because the buildings required higher numbers of staff. The staffing levels had been increased within 6 months of the homes opening. As staff are paid time and one third for night duties staffing costs increased.

It was also noted that sickness levels in Davies Court are high. This issue was explored by the review group at the session they held with staff. Staff discussed this openly and honestly with the group. As a result the following issues were concluded:

- For a number of reasons, including vacancy rates and annual leave, staff will regularly find themselves working longer hours than they are contracted for (e.g. someone on a 16 hours per week contract, could be working up to a 30 hour week
- Since annual leave and sickness are calculated on average hours worked, the result will be that staff will have an entitlement to more annual leave, but importantly, higher levels of sick pay. Night duty enhancements are also paid when on sickness absence.
- This has resulted in an “incentive” for sickness absence.

Staff were concerned that the combination of vacancies, annual leave entitlements and sickness absence have created significant staff shortages. At the time of the review, Davies Court had 10 vacancies. Managers were concerned that they have little control over these costs.

It was noted that a review of terms and conditions was required but that this was something that needed to be negotiated with Unions at a corporate level.

Members of the review group, however, noted that the high quality of care provided in the homes is largely down to the staff. Staff were proud to work for the Council and were extremely committed to driving up quality standards for their residents. Members therefore felt very strongly that although staffing costs did need to be controlled more, that this was not at the expense of the high quality of care provided by the staff. Members also noted that the management style of the two managers was inclusive and that they demonstrated strong leadership.

**Recommendation 1.**

That RMBC corporately agrees to review the terms and conditions of staff to address issues of out of hours enhancements and sickness absence payments.

**Recommendation 2.**

That Human Resources and NAS Management consider urgently whether the permanent recruitment freeze could be lifted for the two homes, enabling them to

take more control of some of the staffing costs. Also that they review the average hours offered on part time contracts for staff in the homes.

## 4.2 Catering and entertainment.

Members noted that there is a very clear policy within the homes that the food and entertainment provision is a key element of maintaining the dignity of residents. For example within the dining room napkins, linen table cloths and background music are provided. For residents who have to have soft or pureed meals they are moulded which means that in appearance terms the food looks the same as the real thing. This means the food is at a higher cost and this is not provided in most independent sector homes.

Similarly the entertainment and activities programme provided for the residents is of a high quality, and as such attracts visitors to learn about how it is provided, for example GPs, managers of independent homes. It is the view of the managers and staff that they are providing a flagship service which others could learn from.

It was noted that none of the mainstream budgets for the homes is being spent on entertainments and activities. They have a shop, café and hairdressing/beauty salon on site and this generates income that is used to fund activities. All of the services are provided at very low cost. This source of income for the homes is totally independent and is therefore an element of the homes' finances that the managers have complete control over. It is used to enhance the "dignity" experience for residents. All of the decorating, much of the furniture and soft furnishings were purchased through this budget and members of the review group noted that these were all of a very high standard.

In addition to this, the managers and staff have worked hard to strengthen links with the local communities and partners, for example the local church and police. Lord Hardy Court have set up Friends of Lord Hardy Court group and they were successful in gaining £10,000 lottery funding last year.

The review group also noted that in procurement terms, the Yorkshire purchasing organisation contract may not be offering the best value for money. It is designed to achieve economies of scale but the staff did not feel that this was being reflected in their budgets. It was noted that the changing arrangements with RBT may well change these procurement arrangements in the coming months.

### **Recommendation 3.**

That the hard work and commitment of the staff and managers of both homes be recognised and the achievements made in enhancing the dignity of residents.

### **Recommendation 4**

To provide the opportunity for the teams to explore this further and to generate independent income, at no additional cost to the Council, for the homes to enhance the experience for residents and to ensure that quality of provision is maintained as far as possible. This might also include some independent management of procurement for food and catering items.

**Recommendation 5.**

That further work is done with the procurement team of the Council to look at value for money in the current contractual arrangements and a review of how the food budgets are spent is carried out in conjunction with the managers of the homes.

**4.3 Buildings and maintenance.**

The review group heard from a number of witnesses about some of the problems that had been experienced with the design of the new buildings. The buildings themselves have the “wow” factor but are expensive to maintain. Decoration costs for the wooden exterior, the service charge for the maintenance of the green roof, cleaning of the high rise windows and the sprinkler system weekly servicing costs were all excluded from the original budgets. Staff suggested that it may be cheaper to train someone internally to carry out these tasks. In addition to this the grounds maintenance has been costing £5k per year for each home. It was noted, however, that this may decrease now that a handyman had been taken on for each home.

The review group were also made aware of concerns about costs associated with maintenance contracts and the fact that staff would prefer to be involved in the process for awarding them.

**Recommendation 6**

That consideration is given to the extent to which the handyman service or another internal employee could be trained to carry out some of the maintenance services that are currently causing the homes to go over their repairs and maintenance budgets..

**Recommendation 7**

That the same review contained within recommendation 5 for food procurement is carried out regard to procurement of cleaning, repairs and maintenance services. .

**4.4 Costs and comparisons**

The review group were presented with the findings of the information prepared by Price Waterhouse Cooper, on behalf of Neighbourhoods and Adults Services. The unit cost per resident week is much higher in both of the residential homes, compared to the independent sector.

When the overall budgets of the homes are broken down, by far the largest area of spend is staffing; approximately three quarters of the budget. The rest is split between capital charges, supplies and services and premises.

The conclusion drawn from the work by PWC about the costings of Lord Hardy Court and Davies Court was that although they are highly valued by customers and are fully compliant with external inspections, the current model is expensive and uncompetitive compared with the independent sector. The main areas of higher comparative spend are as follows:

- Pay and conditions of service
- Staff to customer ratios
- Management and supervisory levels
- Occupancy levels
- Procurement charges

As a result of the findings of PWC, Cabinet have considered as part its budget process for 2013/14 a package of savings for the homes which totals £870,000. This is likely to be achieved by changing the management structure, reductions to the staff to customer ratios and looking at changing arrangements to sick pay provisions. These proposals do not bring the homes in line with industry averages, but are proposed to strike a balance between cutting costs without undermining the quality of the service being provided. The reducing staff ratios will result in the number of staff hours per resident being reduced from 30 to 23. It was the view of the review group that this cut is too harsh.

As part of the review, the members visited some independent sector homes by way of comparison. Whilst on these visits they asked questions about staff ratios, costs, term and conditions etc as well as making general observations about facilities on offer and general cleanliness. The visits reaffirmed for the review group that the quality of provision and cleanliness of both Lord Hardy Court and Davies Court was of a considerably higher standard by comparison, although this also varied amongst the independent homes visited. They also noted that the staff ratios did not appear to be much different to those offered in Lord Hardy Court and Davies Court. The main area of difference was that of the staff terms and conditions, most notably the absence of any kind of pay supplement for anti social hours.

Another area of cost that the review group were concerned about was that of the outstanding costs of capital borrowing on the building of the two homes. They received evidence that the original capital costs of the buildings were under estimated and additional borrowing was required as a result of this. The capital raised from the sale of the old homes was used to offset the build costs, but a mortgage was required to plug the gap. The payment of these capital costs creates an additional pressure on the ability of the homes to break even. It also serves to limit the future options for the homes. The independent sector would be unlikely to take on the buildings because of this and if the homes were to close entirely the Council would still be required to pay this debt. The review group were concerned that this additional pressure on the budgets of the homes was not really fair and that other ways to account for this debt should be considered..

**Recommendation 8**

That Cabinet do not cut staff hours per resident below 25 as it is felt this will be to the detriment of the quality of the service provided.

**Recommendation 9**

That Cabinet re-consider the proposal to reduce the number of managers within the homes, as this is likely to result in re-deployment and payment protection costs which could outweigh the savings being made.

**Recommendation 10**

That the Council looks at alternative ways to manage the capital costs and borrowing associated with this, which potentially remove the burden from the revenue budgets of the homes.

**4.5 Future monitoring**

The action plan for the implementation of the recommendations that are accepted should be reported to the Health Select Commission on a six monthly basis for monitoring purposes.

**5. Background Papers**

Notes of Meeting: held on 26<sup>th</sup> September 2012

Notes of Meeting: held on 26<sup>th</sup> October 2012

Notes of Meeting: held on 2<sup>nd</sup> November 2012

Notes of Meeting: held on 14<sup>th</sup> December 2012

**6. Thanks**

Thanks go to all of the witnesses who gave their time and support to the review process.

The review group would like in particular to thank the staff and residents of all the homes visited during the review.

Thanks are also extended to Shona McFarlane and Ros Brown, who provided valued support to most of the review group meetings.

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