Dementia Centres of Excellence
Final Business Case
June 2014
### Review Distribution List

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### Version History

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DEMENTIA CENTRES OF EXCELLENCE

1. EXECUTIVE SUMMARY

PURPOSE OF THIS DOCUMENT

1. This document forms the final business case for the Dementia Centres of Excellence project and will support Cabinet in its decision as to whether to award Preferred Bidder Status and the subsequent contract for developing Dementia Centres of Excellence, to the Symphony consortium.

2. In March 2013 Cabinet agreed:

   • To the procurement of a Partner to assist the Council in meeting the demand of people living with dementia.
   • That the Director of Finance and Resources, in consultation with the Cabinet Member with responsibility for Adults Wellbeing be given delegated authority to select the shortlist of potential investment partners to tender to be the Council’s preferred partner(s).
   • That the final decision regarding the selection of the preferred bidder(s) and the contract for the Centres of Excellence will be recommended to Cabinet, prior to the implementation of the decision.

3. The procurement process started in January 2013 with the publication of the contract notice and the Pre-Qualification Questionnaire in the Official Journal of the European Union (OJEU). A final bid was received on 28 March 2014 from the remaining bidder, Symphony. Evaluation of this bid and the decision to recommend Symphony to Cabinet as the Preferred Bidder was completed on 8 May 2014.

THE VISION FOR DEMENTIA CENTRES OF EXCELLENCE

4. The direction for national and local policy in health and social care is now focused firmly on the development of enabling services to ensure that people can maintain their independence, have choice and control and can lead fulfilling lives within their local communities wherever possible. This project will enable the Council to meet this national policy through establishing operating models and systems that deliver this agenda.

5. Traditional residential models of care for elderly people, whilst helping to manage individual risk, do limit opportunity and choice and do not necessarily inspire individuals to live as fulfilling and independent lives as their circumstances permit. The
Council has made clear its intention that future care and support services in the county need to offer people choice and control in how their needs are met and need to promote personalised models of support. While there will be a continuing need for some specialised residential and nursing care the main thrust of the Council’s policy intention is towards developing and investing in models where people can live as independently as they are able to with flexible care available as they need it.

6. The Centres of Excellence will ensure a better quality of life for those that require specialist dementia services and will support a holistic care pathway with residents having flexible access to care as their needs change from initial diagnosis to end of life. They are intended to provide a range of services that reflect the progressive changes associated with a dementia related illness including specialist residential and nursing care, intermediate care, respite services and specialist nursing and palliative care. This will enable people to have a home for life and experience continuity of care from a range of highly trained care staff.

7. These centres of excellence will also act as a ‘Dementia Hub’ for the local community enabling people to get the right information at the right time and ensure that access to guidance and support is available.

8. Given the understanding we now have of influencing and impacting factors on dementia related illness ‘Centres of Excellence’ will afford users access to best practice in terms of building design, environmental factors, security and safeguarding and assistive technology.

9. This vision contributes to the Business Planning Sub-Outcome of Living Well, supporting people when there is a need, delivering the optimum intervention at the right time and focusing on quality of life.
PROJECT SUMMARY

10. Work on the Dementia Centres of Excellence project started in early 2012 from a recognition that the three residential care homes retained by the Council following the Changing Lives project in 2007 and specialising in care for people with dementia would not meet the service expectations of future generations in terms of facilities or nursing care; from insight showing that demand for residential care will increase over the next 20 years; and from a desire to improve the quality of care for all residential homes across the County. Although the primary objective of this project is to improve the quality of dementia care, the current in house provision is more expensive than the independent sector and there is the potential to achieve savings.

11. Following completion of an options appraisal to identify the most appropriate approach to meet the commissioning drivers, the People Programme Board recommended the completion of a competitive dialogue process to select one or more providers to deliver new Centres of Excellence in areas of identified need. In addition, the new provider(s) will manage the closure of the existing in house homes as new Centres of Excellence are developed.

12. Senior Leadership Team approved the project in July 2012.

13. A bidders’ day was held in October 2012 attended by 68 potential bidders where Commissioners outlined the outcomes-based approach chosen by the Council to develop Centres of Excellence and assessed market appetite. The procurement process started in January 2013 with the publication of the contract notice and the Pre-Qualification Questionnaire in the Official Journal of the European Union (OJEU).

14. Twelve responses were received and evaluated, and five organisations were subsequently invited to enter the first phase of competitive dialogue in May 2013. Outline Solutions were received from four of these bidders and following evaluation three were invited to participate in the second phase of competitive dialogue to generate Detailed Solutions in October 2013.

15. Prior to the second phase of dialogue starting, two of the three bidders withdrew from the process and on 7 October 2013 a strategic steer was given by Cabinet to “pause” the Dementia Centres of Excellence project for a short period, to reflect on why two of the three bidders invited to participate in the detailed competitive dialogue phase had withdrawn from the process before dialogue commenced, to understand the impact this could have on the project and whether dialogue should continue with one remaining bidder, and to examine alternative options for delivering the commissioning requirements. Additionally, since this project started, there have been
changes in the external and internal environment which may impact on the likelihood of meeting the aims of the project and achieving success with the approach chosen.

16. Several pieces of work were undertaken during the period of reflection in order to address two key questions:
   • Will the approach of procuring a provider to deliver Centres of Excellence for Dementia Care still deliver the commissioning intentions?
   • Is there a better way to deliver the commissioning intentions?

17. The work carried out covered: clarifying commissioning intentions; understanding in more detail the demand for future dementia care provision; examining changes in the wider external environment which may impact on the project; looking for potential synergies with existing internal initiatives; understanding the needs of partners; examining whether the current approach still meets the commissioning intentions; and examining alternative options for delivering the commissioning intentions.

18. A new options appraisal was completed in November 2013 and it was agreed to examine the three main commissioning drivers separately:
   • To determine the future potential of the three in-house homes
   • To examine how best to meet future capacity issues
   • To examine how best to improve quality of care across homes in the County

19. It was agreed that the initial approach of a dialogue process to procure a provider to deliver Centres of Excellence was still valid, but that the process would be better to focus first on replacing the current three homes and subsequently looking to build additional homes to meet future demand depending on the market situation at the time. Additional commissioning work would be undertaken to address meeting future capacity issues and improving quality of care across the County.

20. In December 2013 Project Board met to decide whether or not to continue with dialogue with Symphony, building on the reflections on commissioning intentions and the chosen procurement route to understand if they continue to meet our needs. From the extra information provided by Symphony since the previous Board meeting and the related analysis it was felt that insufficient data was available to judge whether or not a deal with Symphony could be reached, and the information sought would only be generated through more detailed discussions. Any potential deal with Symphony would have to show value for money, given only one bidder was now in the process.

21. It was therefore agreed to continue with dialogue with Symphony to the point at which they submit a final bid and the information on which to make a decision is available, an approach approved by Cllr Alan White, Cabinet Member for Care.
22. The detailed dialogue stage was completed in March 2014; the proposal presented to the Cabinet Member for Care and officers on 25 March 2014; and a final bid was received on 28 March 2014.

23. Following a rigorous period of evaluation the evaluation process was completed on 8 May 2014 and a decision made by the Project Board to recommend to Cabinet that it appoints Symphony as Preferred Bidder.

PROJECT STAKEHOLDERS

24. The Dementia Centres of Excellence project has managed a wide range of stakeholders both internal and external. Project governance has had strong Senior Leadership Team representation at Project Board level and has, at all stages in the project, sought to keep political stakeholders fully informed.

25. A range of key stakeholders were identified as part of the communications plan in order to ensure that those with an interest in the delivery of the project are kept fully informed. An expert user group made up of various stakeholders has also been formulated in order to strengthen our engagement methods.

26. Engagement events have taken place throughout the procurement process in order to enable stakeholders to learn more about the vision for Dementia Centres of Excellence, whilst also being able to meet the bidders and have a chance to influence their care model designs. Families and carers of those residents within the 3 in house homes have also been engaged.

27. External partners critical to ultimately achieving successful outcomes, such as Staffordshire and Stoke-on Trent Partnership Trust, South East and Seisdon Clinical Commissioning Group, and Stafford and Surrounds CCG were also involved in the dialogue process itself with the ability to discuss their ideas directly with the bidders.

28. At the heart of the project, and the greatest asset to the future Dementia Centres of Excellence, are the staff affected by the scope of the project. The project has engaged with affected staff at all stages both to support them through the project and to involve them in the procurement process itself. The aim has been to be as open and transparent as possible. To this end staff have played an important role in developing specifications, participating in dialogue and providing subject matter expertise to the core evaluation team.
29. The Preferred Bidder for the delivery of the Dementia Centres of Excellence project is Symphony which is a consortium made up of the following organisations:

- Accord Group which is a not for profit organisation that specialises in providing affordable housing and social care services across the West Midlands. Accord will be delivering the care within the existing and future homes.
- Keepmoat which is a private organisation that provides community regeneration, housing, and planning services across the UK. Keepmoat will build the homes, working with Quattro architects.

30. Symphony is currently operating as a consortium and has come together in order to bid for the Centres of Excellence project. Working alongside Quattro architects, Accord and Keepmoat have developed a vision for the delivery of Centres of Excellence which meets our own outcomes for the project.

31. The model of care developed by the Accord Group seeks to adopt innovative approaches to supporting and caring for people with dementia which are personalised, interactive and empowering. Using the Greenhouse Model and Eden Alternative Training for staff, Accord see the Centres of Excellence project as a way of bringing together building design which is small scale and ‘home like’ along with passionate and highly trained staff who act as personal assistants. Nursing and end of life care will be provided.

32. The financial model developed by Symphony enables these Centres of Excellence to provide high quality care within a specially designed environment which is also affordable and comparable with other care home settings.

33. In return for the Council providing two sites on which to build the new homes, Symphony will take over the management of the Council’s existing three specialist Dementia residential care homes while building two new Centres of Excellence in Burton and Lichfield. Staff will TUPE to the new provider at contract commencement and be trained and aligned to the new innovative care model as it is introduced. A block contract arrangement tapering over 8 years is being proposed, reducing down to 20 beds. Symphony will guarantee a bed price to the Council which is lower than our current budget costs and in line with prices locally.

34. Value for money has been assessed in several ways (see section 5) and with fine-tuning after award of Preferred Bidder status, there is potential to reduce bed prices further with a payback period for the capital investment after a number of years, depending on which variant in the bid is chosen.
35. This Final Business Case supports the Cabinet Report which seeks Cabinet approval for the award of Preferred Bidder Status to Symphony and the subsequent delegated decision to award the contract to Symphony following due diligence.

36. This Final Business Case has been considered by the Senior Leadership Team (27th May 2014) and Pre-Cabinet (4th June 2014).

37. Subject to Cabinet approval and the Council’s call-in period, the next step would be to start the formal contract award process with a view to completing and awarding the contract by October/November 2014.

38. Following contract award there will be a short period of mobilisation leading to a contract start date, to be confirmed during Preferred Bidder stage, during which time the current in-house service would transfer to Symphony. The contract start date is anticipated to be approximately 4 weeks after contract award.
2. WHAT IS THE QUESTION?

PURPOSE OF THIS SECTION

39. This section sets out the reasons why the Council chose to embark on this project and how it has been driven by a commissioning cycle methodology.

40. It will also outline the background to the project, the commissioning drivers, the services included and the journey the project has been on in order to ensure that it is being led by the right outcomes, commissioning intentions and options for delivery.

COMMISSIONING DRIVERS AND COMMISSIONING QUESTION

41. The key objective of this Dementia Centre of Excellence project has always been to improve quality of care to enable people to “live well” with dementia. It is to ensure that the people with dementia in Staffordshire have access to good quality specialist dementia residential and nursing care, especially as demand for services increases over time.

42. Additionally, the Council currently operates three EMI (Elderly Mentally Infirm) care homes which specialise in the provision of residential care for people with dementia. The current buildings are not suitable to meet the future demand or service expectations of future generations, and cannot offer nursing care.

43. The strategic direction of the Council is to no longer be a provider but a commissioner of services.

44. Commissioners also see this project as a way of trying to improve quality of care amongst existing private care homes, with Centres of Excellence setting the standard, whilst also trying to increase the level of capacity available. Similar schemes have been developed elsewhere in the country and the commissioners wondered whether or not there were ‘barriers to entry’ across Staffordshire for potential developers. By tendering for a provider and helping to reduce those barriers, commissioners hope that development of these schemes will generate a more vibrant marketplace.

45. Ultimately commissioners agreed that exploring the opportunity to develop the three in house homes into Dementia Centres of Excellence was the key driver for this project, with issues around capacity and quality being part of the wider strategy for dementia care.
DEMAND AND CAPACITY

46. There are approximately just under 11,000 people living in Staffordshire with dementia (average of 46% with a diagnosis) and those numbers are set to increase to 14,500 by 2020 and 20,500 by 2030. According to the Dementia UK report 2007, over one third (36%) of people living with dementia are in some form of residential care. This would suggest that approximately 3,666 people with dementia are in some form of residential care or nursing care in Staffordshire.

47. The latest estimates show that the population of Staffordshire is ageing. Between 2001 and 2011 the number of residents above the age of 65 increased by 25% (representing almost 31,000 additional people) and the number of residents above the age of 85 has increased by 38% (an increase of over 5,000 people). Those numbers are set to grow into the future with people aged 65 and over set to increase from 165,300 in 2012 to 199,900 in 2020. This is an increase of 21% over 8 years. Dementia can happen at any age but its incidence rises rapidly with age, for example nationally 1 in 100 people aged between 65 and 69 have been diagnosed with dementia, rising to 1 in 6 people aged 80 and above.

48. It is estimated that there are around 1,300 people with dementia with severe needs in Staffordshire, around 12% of those living with dementia. An additional 3,400 (32%) have moderate needs. When these prevalence rates are provided to the projection figures, it indicates that there may around 1,700 people in 2020 and 2,500 people in 2030 with severe needs relating to dementia.

49. There are a total of 4,655 CQC registered beds for dementia care across the county; however this assumes that all homes offer all their beds to residents with dementia which isn’t always the case. Therefore we are unable to say exactly what the capacity for dementia beds is, but we do know that 4,655 is the current maximum possible available for all levels of dementia care.

1 POPPI website
2 Dementia UK report
3 Dementia Prevalence Calculator, NHS, 2013
50. 3,608 of those provide nursing care (this includes the 400 beds across 6 homes which provide dual registered care) and because residents with a residential care need can be placed within a nursing bed, in effect all 3,600 provide residential care with nursing. 1,447 of those provide residential dementia care.

51. In terms of age range, an analysis of predicted age ranges for people with dementia living in residential care is provided in Appendix A. Using national figures, the number of people with dementia within age ranges from 65 to over 90 has been predicted for all residential care placements (both SCC funded and self-funded).

52. According to figures captured within the Dementia UK report (2012), we believe that current need for dementia residential care is roughly 3,666 people but the number of beds available is 4,655 (in 2012).

53. The number of people with dementia in Staffordshire is set to increase due to the growing number of older people. Current figures are based on existing diagnosis rates and so if those rates increase, the prevalence figures will also increase. However this doesn’t necessarily mean there will be a need for additional residential care capacity. We also predict there to be a sharp increase in the number of people with dementia over the age of 85.

54. In terms of dementia care beds, figures show us that there is capacity to meet current demand and this situation is potentially due to change slightly by 2020 but more significantly by 2030. However it is important to try and factor in the potential changes in demand brought about by prevention initiatives, support available to people in the community and an increase in early diagnosis.

55. In terms of cost, only 5% of dementia beds funded by SCC are at the A-list price which shows that this is not the true cost of care for a person with high end needs.

56. In terms of quality, we feel confident that there are homes in Staffordshire providing high quality dementia care but there are also homes that require improvement.

57. Within Appendix A, it shows that the number of people predicted to be living in some form of residential care with dementia is due to increase significantly for those aged 85 and over and those under the age of 85 will increase only slightly.

STRATEGIC OBJECTIVES AND CRITICAL SUCCESS FACTORS
58. In line with the existing health and social care strategies for dementia care across North and South Staffordshire, the council wishes to create pathways of care for people which are responsive, flexible and personalised.

59. The Council’s strategic objective for the future is to become a commissioner of services rather than a provider of care.

60. The key commissioning intentions which sit behind those strategies focus on providing services for those living with dementia and their families/carers which are able to meet future demand, are personalised and part of the local community with strong links to other specialist and acute services. Details of the commissioning intentions can be found in Appendix B.

61. These strategic objectives link to the Council’s objectives and outcomes, where residents can:

- Be healthier and more independent
- Feel safer, happier and more supported in and by their community

62. Key project Sponsors have looked at what success for this project looks like and have agreed that success depends on achieving outcomes, having an appropriate solution, meeting the individual success factors of key stakeholders and working within cost, time and risk constraints.

- The outcomes the project is trying to achieve are a better quality of care for those living with dementia; replacing the three in-house homes; and for the Council not to be a provider of care.
- The solution design to achieve the outcomes is to source a provider that can take over the management of the existing homes; build new facilities; and deliver excellent care. The model needs to be flexible to accommodate an unpredictable future care environment and be supported by CCGs and SSoTP.
- There are several stakeholders in the project and success for the key stakeholders (Sponsor, Executive Sponsor and Commissioner) is consistent. Success means to deliver against the outcomes, rather than specify how that should be achieved. Additionally for the Executive Sponsor, success is ensuring a robust procurement process is delivered, the model is sufficiently flexible and key stakeholder needs are met. Other stakeholders have priorities around care delivery, employment conditions and alignment to local dementia care pathways.
- There has been no budget for the project, other than legal fees, and there are no MTFS savings attached to the Project. The aim is to improve care, not reduce costs. The timescales to deliver the project are flexible as the priority is to achieve the right outcomes rather than run a rigid process. This is reflected in the commissioning approach chosen. A moderate residual level of risk is anticipated, reducing over the lifetime of the project, as the design approach is unknown until a provider is chosen.
63. The pattern of success is a trade-off between the different success factors and constraints the project is working under and it has been agreed that achieving the outcomes are key, with a good enough solution design, that some of the stakeholders may not be entirely happy, and that cost and timescales are not critical. A level of residual risk in line with the uncertainty in the environment and the complex nature of achieving these outcomes are accepted. Based on the decisions made, the pattern of success for this project is shown below in figure 1.

Figure 1: Pattern of Success for Dementia Centres of Excellence

SERVICES IN SCOPE OF DEMENTIA CENTRES OF EXCELLENCE

64. The in-house residential homes included in the scope of this business case are listed below. A full description of each of these services is included in Appendix C.

- Bracken House – Lichfield;
• Hillfield – East Staffordshire;
• Meadowyrthe – Tamworth.

65. The management of these services is retained by the Council. The budget forms part of the Staffordshire and Stoke on Trent Partnership Trust Section 75 agreement. Figure 2 shows the gross budget associated with these services:

Figure 2: Revenue Budget for Current Homes

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<tr>
<td>£</td>
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<tr>
<td>Gross Budget</td>
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66. Gross costs have been used for comparison as SSOTP receive the gross cost for residential services in their quantum resource. Client contributions are collected and retained by the Council. Client contributions are also calculated based on the client’s ability to pay and the “A” list price bed price. The level of client contribution will not change in relation to the gross cost per bed.

**DElIVERY OPTIONS**

67. In order to meet our commissioning intentions and outcomes an original options appraisal was carried out as part of the outline business case. These options were developed with support from other county council staff and ranged from doing nothing, through to procuring an external provider to take over the existing three homes and developing new purpose built schemes.

68. Six different options were put forward and analysed in terms of meeting the commissioning intentions and ease of implementation. Two of the six options were taken forward as possible solutions:

• Procure a provider for the delivery of the existing service within the 3 homes
• Procure new provider(s) to deliver Centres of Excellence at new sites, operating existing sites while new facilities being built, and managing the closure of existing sites and
transition to new facilities – this was agreed as the preferred option and was taken forward as the Dementia Centres of Excellence project.

69. However, part way through the procurement process a strategic steer was given by Cabinet to “pause” the Dementia Centres of Excellence Project for a short period of time, to reflect on why two of the three bidders invited to participate in the detailed competitive dialogue phase had withdrawn from the process before dialogue commenced. Commissioners took this as an opportunity to understand the impact this could have on the project and whether dialogue should continue with one remaining bidder, whilst also examining alternative options for delivering the commissioning requirements.

70. During the reflection period of the project, commissioners decided to break the project objectives down into 3 commissioning drivers. The three main commissioning drivers have been identified as:

- To identify the future potential for the three remaining in-house EMI homes in Staffordshire which are Hillfield House in Burton on Trent, Meadowyrthe in Tamworth and Bracken House in Burntwood (the assumption being that the Council does not wish to be a provider organisation and therefore does not wish to own the homes)
- To ensure that dementia care services and long term care provide good quality person centred care for existing and future generations.
- To ensure that dementia care services and long term care are available to meet future demand

71. From the analysis undertaken during the reflection period it was identified that the most urgent need was to address the future of the three current in-house homes. A decision was therefore taken to look at options for how to meet the three commissioning drivers individually.

72. The rest of the options appraisal therefore focused on the future potential of the current three in-house homes. Options for improving quality and meeting demand require more work and are being addressed as part of the wider dementia strategy.

**CONSTRAINTS AND DEPENDENCIES**

73. **A-List Bed Price (care fee review)** In 2012 the Council carried out a review of fees for residential and nursing homes. As a result a new set of A-List prices for residential and nursing care were established and those prices for dementia were £418 per week
(residential) and £428 per week (nursing) (2013-14). During this project we have had to try and ensure that any beds purchased are as close to that rate as possible.

74. The Care Bill (Dilnot) The Care Bill represents the single biggest adjustment of responsibilities and financing for the care system since a national system was introduced in 1948. The Care Bill enshrines a fundamental shift in how local authorities approach funding, commissioning and provision for social care which will require real transparency in terms of the cost of care which will undoubtedly have a significant impact on the market.

75. Staffordshire & Stoke on Trent NHS Partnership Trust (SSoTP) SSoTP is a separate organisation which provides assessment and care management for all adult health and social care. SSoTP therefore receives its funding from the Council and CCGs for the delivery of care which includes residential. Colleagues from SSoTP have been key stakeholders in this project because they hold the budget for residential care and will be the ones purchasing and placing people within these care homes (although the contract will be between SCC and Accord and any potential savings will need to be the subject of negotiations between SCC and SSoTP).

76. Clinical Commissioning Groups (CCGs) Previously North Staffs PCT and South Staffs PCT, the clinical commissioning groups (CCGs) across Staffordshire became legal entities as of April 2013. There are 5 CCGs in total all of which have their own infrastructures, budgets and ways of working which see GPs leading health commissioning for their local populations. It has been critical to engage CCGs throughout this project to ensure that they are able to input into the discussions with bidders and help to shape potential pathways of care.

77. State Aid Using taxpayer-funded resources to provide assistance to one or more organisations in a way that gives an advantage over others may be considered as ‘state aid’. State aid is illegal under EU rules and will exist if the following 4 criteria are met:

(a) Aid is granted through state resources;
(b) It favours certain undertakings;
(c) It distorts competition or threatens to do so; and
(d) It affects trade between member states.

As regards any contribution made by the Council to Symphony:

(a) Any contribution provided (in the form of land or a loan at a preferential interest rate) will be from public resources;
(b) It clearly favours one undertaking (Symphony);
c) It may threaten to distort competition in the market; but

d) It is unlikely that (but unknown whether) any such arrangement will affect trade between member states.

It is the Council’s opinion that there can be no effect on trade between member states, in so far as the provision of dementia care services at the new Centres of Excellence is unlikely to attract custom from outside of Staffordshire. In the event of a challenge the Council would argue that the state aid criteria set out above have not been met and that, consequently, there is no state aid. Furthermore, the Council has mitigated its position by undertaking a competitive tender process and is receiving consideration for any contribution in the form of a more competitive bed price.

78. Changing Lives Cabinet Report 2007 In 2007 a report was taken to Cabinet recommending a modernisation process for the delivery of in house residential care. The recommendation was for the Council to consolidate its care home provision, having fewer, better and more specialist care homes. The recommendations set out the remodelling of five of the existing care homes for dementia and mental health needs for older people (Hillport, Foxwalls, Hillfield, Bracken House, Meadowyrthe), and one for rehabilitation needs (Brighton House). This recommendation was agreed and three of these five homes are in scope for the Dementia Centres of Excellence project.

79. SCC Outcomes The Council’s vision is for a “Connected Staffordshire”… where everyone has the opportunity to prosper, be healthy and happy. This vision is then supported by four key values:

- Put the people of Staffordshire first
- Value each other
- Embrace doing things differently
- Do the right thing

The Council is also aiming to achieve the following in terms of outcomes for its citizens:

- Be able to access more good jobs and feel the benefits of economic growth
- Be healthier and more independent
- Feel safer, happier and more supported in and by their community

In order to ensure that all commissioning activities carried out by the Council are working towards these values and outcomes, there are a further 7 sub outcomes and 7 cross cutting themes which need to be considered and referred to in order to ensure a consistent approach.

The Dementia Centres of Excellence project contributes to the sub-outcome “Living Well”, focusing on those who need support, delivering the optimum intervention at the right time, ensuring quality as well as quantity of life.
80. **Personal Budgets/Direct Payments** In line with a national steer towards personalisation, all local authorities are required to ensure that people have access to self-directed support in order to give people control over their support so that they can live more independent lives. Rather than being passive, people are active citizens choosing how to spend their allocated budget with or without help.

One of the main ways people can self-direct their support is through personal budgets. A personal budget is money that is allocated by a local council to pay for care and support to meet assessed needs. The budget can be taken as a direct payment (cash) or managed on the person’s behalf by a third party (like the council). The project has considered the potential impact of personalisation and is addressing this through keeping to a minimum the number of beds which it needs to block book for a viable business model from the bidder, as it does not wish to restrict personal choice.

**PROJECT GOVERNANCE**

81. To ensure that the project was delivered in line with corporate strategies and policies and met corporate outcomes, and to enable positive challenge and decision making, a robust project governance framework was implemented. This governance included a member of the Senior Leadership Team, People Commissioners, People Operational Managers, and corporate support services, with steers being provided from the Cabinet Member and Cabinet Support Member.

82. The governance framework, shown below in figure 3, is headed by the Dementia Centres of Excellence Project Board, chaired by Andrew Burns, Director of Finance and Resources and with membership including Martin Samuels, Commissioner for Care and Jamie MacDonald, Head of Property. Membership ensures the project maintains awareness and has consideration of impacts on and from the wider Council environment such as the work towards procuring a Strategic Property Partner and where there are key stakeholders in common.

83. Supporting the Project Board are three defined working groups: a Commissioning Working Group, chaired by a Senior Category Manager; a Stakeholder Working Group, chaired by a People Commissioner; and an Expert User Group, chaired by a People Commissioner. Working Groups had membership from people Commissioners, service area specialists, corporate support services, DCL and stakeholders (EUG). Direction was received from the Strategic Property Board on land availability to support this project.
84. Dementia Centres of Excellence has taken a pro-active approach to managing risk throughout the project through a robust risk governance framework, and operating a governance system and risk management approach that has identified and assessed risks, planned and implemented mitigating actions to manage them and communicated this through the project governance structure.
85. Risks have been identified through a number of vehicles, including project meetings and from individuals. Risks are recorded within the project Risk Register which acts as a central repository for all risk detailing items such as risk description, probability, impact, mitigation and ownership. A RAG (Red, Amber, and Green) system has been used to highlight the severity of the risk pre and post-mitigation. Risk reporting has been a standard item on each Project Board agenda and in each TSU status report.

86. Key risks identified have centred on extent of engagement from partners and whether bids would be received which were sufficiently innovative to meet the Council’s outcomes and still be financially viable. There are also wider strategic level risks around the potential impact the Care Bill may have on the financial viability of this project, whether other suppliers enter the market during the project build timescales making the project unnecessary, and whether there will be a cure for dementia during the lifetime of the new homes. As anticipated, the overall exposure of the project to risk has reduced over the dialogue period and the project board is satisfied that the level of residual risk is acceptable for the project to continue.

87. Risks for the next stage of the project have been identified and assessed. Key risks include those relating to whether the assumptions underpinning the business model are correct, which could increase costs and reduce value for money and whether the required level of staff on TUPE terms and conditions to deliver the financial model is achievable. A key risk to achieving timescales is the availability of the proposed Lichfield site in the timeframes required. The live Risk Register is available through the project management team.
3. KNOW YOUR CUSTOMERS

PURPOSE OF THIS SECTION

88. This section focuses on our approach towards engaging with those people or organisations that might be affected by the Dementia Centres of Excellence project. It looks at stakeholders identified, engagement activity and future plans for consultation.

STAKEHOLDER MANAGEMENT

89. The Dementia Centres of Excellence project adopted a structured approach to stakeholder management through the Stakeholder Working Group, which has met regularly to plan and deliver stakeholder activities such as customer insight, internal and external communications, and staff and stakeholder engagement.

CUSTOMER INSIGHT

90. Data has been provided by the Insight Team at the start of this project and reviewed and updated by the Commissioner at key stages throughout. There are now approximately 800,000 people with dementia in the UK and there are estimated to be around 670,000 family and friends acting as primary carers. The current financial cost of dementia is £23 billion a year to the NHS, local authorities and families and the cost will grow to £27 billion by 2018. Yet this significant spend is often not being deployed effectively and is not necessarily delivering good outcomes for people with dementia and their carers.

Needs data

91. Within Staffordshire only 42% of people with dementia have a formal diagnosis, the same as the national rate. Often, diagnosis comes too late – during a crisis or beyond the point where people can plan for the future and make informed choices about how they would like to be cared for.

92. The latest estimates show that the population of Staffordshire is ageing. Between 2001 and 2011 the number of residents above the age of 65 increased by 25% (representing almost 31,000 additional people) and the number of residents above the age of 85 has increased by 38% (an increase of over 5,000). Conversely, there has been a 3% reduction in the number of residents below the age of 20 years old.
93. Dementia can happen at any age but its incidence rises rapidly with age, for example nationally 1 in 100 people aged between 65 and 69 have been diagnosed with dementia, rising to 1 in 6 people aged 80 and above.

94. Figure 4 illustrates the total increase between 2012 and 2030 by age group. The increase in the number of people with dementia aged 90 and over is clear from the graph, with a large gap between the 2012 and 2030 figures. The numbers increase from around 4,200 in 2009 to 8,000 in 2025 (around 90%), a reflection of the fact that the number of people aged 85 and over will increase dramatically. Around 240 people are predicted to have early onset dementia by the year 2030 across the county, which is similar to present numbers, thus there will be a limited additional impact in the future.

Figure 4: Projected Numbers of People by Age with Dementia in Staffordshire

Capacity of dementia care in Staffordshire

95. The number of dementia care beds within Staffordshire since 2004 has remained constant. In 2004 there were 5,939 registered beds in 150 establishments, in February 2013 there were 187 Care Quality Commission registered establishments providing 5,948 beds, of which around 3,600 provide nursing care, and over 400 beds are in dual registered establishments. A dual registered establishment is a service that provides both nursing and non-nursing care. Therefore in these establishments it is less likely a service user will need to move to a different establishment when or if they have a change of health needs. There are 743 people in residential care in Staffordshire, with
almost the same number of people again (734 people) having some form of community based care for dementia.

Figure 5: Projection of People who require Residential Care and Capacity in Staffordshire

96. It is estimated that over one third (36%) of people with dementia live in some form of residential care, with the remainder living in the community. When looking purely at the current residential capacity within Staffordshire, as shown in figure 5 above, it appears that there may be adequate supply in terms of the number of beds up to 2025. However the reality is that this provision is unlikely to offer the specialist quality care required for people living with dementia, with public consultation certainly supporting this viewpoint. However a more worrying issue in Staffordshire is the limited number of beds available in the market that are dual registered, which is inadequate to meet both current and future predicted needs, as shown in figure 6 below. This capacity gap is substantial and must be addressed if we are to support people to live well with dementia and age in place without the need for multiple moves as their condition changes over time.
Figure 6: Capacity Gap in Staffordshire

Source: The number of dual registered beds (CQC, February 2013)/ No. requiring care was based POPPI data (Projecting Older People Population Information System)

Figure 7: Projected Numbers of People with Dementia in Staffordshire by 2030
Figure 7 above shows by the year 2030 demand will exceed supply across all districts on average by 30%, Tamworth will need more than double the number of beds that are currently available and 60% more will be required in Stafford district to meet the demand.

Impact on Health Services

People with dementia over 65 years of age are currently using up to one quarter of hospital beds at any one time and stay far longer in hospital than other people who go in for the same procedure. The longer people with dementia are in hospital, the worse the effect on the symptoms of dementia and the individual’s physical health; discharge to a care home becomes more likely and antipsychotic drugs are more likely to be used and therefore a high proportion of such admissions are preventable and primary care, community services and social care have a key role to play.

During 2012/13 there were 4,475 admissions in Staffordshire involving patients who had a recorded diagnosis of dementia (defined as ICD 10 F00-F03), making up 0.9% of all admissions. The cost to the NHS in Staffordshire during 2012/13 was £12.9 million and disproportionally made up 4.3% of the total spend on in-patient care.

STAKEHOLDERS

Figure 8 below show the main stakeholder groups associated with the project.
**Figure 8: Stakeholder Groups Associated with the Dementia Centres of Excellence Project**

<table>
<thead>
<tr>
<th>Low Interest</th>
<th>High Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Keep satisfied</strong></td>
<td><strong>Manage Closely</strong></td>
</tr>
<tr>
<td>CQC: provision of quality</td>
<td>Cabinet: improved service for people</td>
</tr>
<tr>
<td>Planning Authorities: impact on community</td>
<td>Cllr Alan White: improved service for people</td>
</tr>
<tr>
<td>Health &amp; Well Being Board: delivery of outcomes</td>
<td>Local Politicians: (Local Members, District Councillors, Parish councillors, local MPs – engaged via DCLs) improved service for community</td>
</tr>
<tr>
<td>Strategic Property: Best use of assets.</td>
<td>Family / Carers of people with dementia / Service Users: concern that different member of staff / different location vs improved service delivery</td>
</tr>
<tr>
<td>DCLs</td>
<td>Staff: protection of employment</td>
</tr>
<tr>
<td></td>
<td>Unions: protection of employment</td>
</tr>
<tr>
<td></td>
<td>CCGs: source of potential funding</td>
</tr>
<tr>
<td></td>
<td>SSOTP: procurement of quality beds at low cost; impact of contract</td>
</tr>
<tr>
<td></td>
<td>Staffs and Shrops Mental Health Trust: alignment to dementia care pathway</td>
</tr>
<tr>
<td></td>
<td>SLT and PSLT: Delivery of outcomes vs cost</td>
</tr>
<tr>
<td></td>
<td>Bidders: process is fair and clear</td>
</tr>
<tr>
<td></td>
<td>RAGE (Relatives Action Group for the Elderly) – vocal during the Changing Lives project</td>
</tr>
<tr>
<td>Low Power</td>
<td>Monitor (Minimum effort)</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------</td>
</tr>
<tr>
<td><strong>Future Generation Service users:</strong></td>
<td>future provision of care is adequate</td>
</tr>
<tr>
<td><strong>Police</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Local Businesses:</strong> competition impact vs increasing businesses</td>
<td>Fire Service: have opportunity to input to design</td>
</tr>
<tr>
<td></td>
<td>Press/Radio (Local Media): perception of privatisation, profit making from people living with dementia</td>
</tr>
<tr>
<td></td>
<td>Community/3rd Sector Groups (Age UK, Alzheimer Society, CASS, Approach etc): opportunity to impact outcomes</td>
</tr>
<tr>
<td></td>
<td>Communities around new centres /Communities around old centres: impact on community.</td>
</tr>
<tr>
<td></td>
<td>Independent Residential Providers / Existing Nursing care providers/ Staffordshire Association of Residential Providers: impact on market price</td>
</tr>
<tr>
<td></td>
<td>Adult Care Panel</td>
</tr>
<tr>
<td></td>
<td>GP’s</td>
</tr>
</tbody>
</table>

| Low Interest | High Interest |

### SOFT MARKET TESTING

101. In order to understand the level of interest from the Market for the delivery of this project a ‘Bidders Day’ was hosted in October 2012. This event was very successful with 68 care and development organisations in attendance. Organisations were given the chance to attend and learn more about the project in terms of its key aims and objectives as well as the scope of the service that we wished to be provided, in addition to how the procurement process would be carried out.

102. Due to the high number of organisations that attended the session, it was clear that there was sufficient interest from the market which gave commissioners the confidence that a partner could be found via a competitive dialogue procurement process.

### PUBLIC CONSULTATION AND ENGAGEMENT
103. The overall aim of the stakeholder engagement has been:

- To inform stakeholders of the final detailed solutions submitted
- To help and support stakeholders to understand what this means for them
- To provide stakeholders with the opportunity to feedback views on the proposed care model to bidders and the Council and raise any concerns or likely impact this may have before agreeing Preferred Bidder and the contract
- To use feedback from the engagement to inform the final decision making process

Engagement to date

104. At the start of this project (October 2012) service users, their families and staff from the three care homes were informed about the vision for dementia care services with people being given the opportunity to feed into this and ask any questions. During this engagement exercise, a great deal of feedback was received which informed commissioners that families and services users were happy with the quality of care currently received from the staff, however the buildings themselves were not ideal and could be improved. Staff within the homes were engaged with and also felt that the buildings restricted them from being able to deliver improved quality of care to the residents.

105. Engagement activity was also carried out with various stakeholders and members of the public in order to understand their views on good care and their thoughts about the Centres of Excellence project. In total 59 responses were received and the feedback was supportive of the need to ensure quality care for people living with dementia, which included caring staff and improved facilities/buildings.

106. In September 2013 a workshop was undertaken with the three shortlisted bidders to give key stakeholders (service users and their families, staff and professionals/clinicians) an opportunity to listen to proposed care models and critique these to help shape bidders submissions.

107. On 27th February 2014 a ‘Get Involved’ engagement day took place at King Edward VI Leisure Centre, Lichfield, closer to the three current homes, providing an opportunity for stakeholders to meet the remaining bidder, Symphony and to learn more about their care model. Stakeholders also had the opportunity to ask questions, and through group forums they were given the opportunity to provide direct feedback on these, raise any concerns and offer ideas and opinions about what the future service should look like and to influence the final bid submission from Symphony.

Current Engagement
108. In May 2014 further engagement took place with residents, families and staff within the three in house homes in order to inform them of the key messages within Symphony’s final bid and to seek their views, whilst also giving them the chance to ask questions and inform us of their thoughts, ideas and concerns about the future.

109. The number of stakeholders directly affected amounts to some 279 people (109 residents and 170 staff), with an additional number of people affected in the form of friends and families of the residents. A total of 87 feedback forms were received by the Council, and over 70 members of staff and family members attended the sessions in total. Feedback from the sessions and forms received is summarised below, and in Appendix 2, and a more detailed analysis is being undertaken by the Insight team to ensure all impacts are recognised and mitigated where possible.

110. Generally staff have been supportive of the commissioning intentions and have indicated that the current buildings could be better and access to nursing care would enable them to care for residents for longer. The quality of care is currently good, and both staff and families have indicated that continuity of care for residents is important to them. A positive desire has been expressed by some staff to help shape the future service and staff wish to understand in more detail how the care model will work, which includes the role of apprentices and volunteers.

111. Understandably almost all staff have general concerns about TUPE, future terms and conditions, pensions, pay and training, whether voluntary redundancy is an option and how any changes will impact on their lives. All stakeholders agree that TUPE of staff is important to maintain continuity of care for service users, but there may be the opportunity for voluntary redundancy for some staff as we move forwards. Information sheets are being developed by the project team to address these questions and provide more details.

112. Concern has been expressed by both employees and carers about the ability of private sector providers to provide quality of care as high as that currently being delivered in the three homes, and about potentially poorer terms and conditions for employees in the private sector.

113. Families in the Tamworth area were frustrated and disappointed that there would be no new Centre of Excellence for Tamworth, and some families in Burton felt the proposed site was in a built up area and not suitable. With the proposed changes to locations there has been feedback around ability of both staff and families to access the new sites, in terms of transport and travel arrangements and any potential extra costs associated with this. Work is currently underway to understand which families and staff would be affected and if any mitigations can be put in place.
114. Other questions were raised and comments made, including why more homes were not currently planned and whether enough beds would be available, whether the Council was doing this to save money, would bed prices be affordable (current residents will not have to pay more than they are currently paying), and how much could stakeholders influence the project.

115. A large number of people requested that we continue to keep them informed as the project progresses, regularly and as and when new information is available to be shared. Open and honest communications were requested and responses requested to concerns raised. The Council will be working with Symphony to develop joint engagement and transition plans for residents, families and employees.

116. A more detailed breakdown of responses is being carried out by the Insight team which will be used to inform the project moving forwards and where and how best to address any concerns which have been raised.

Future Engagement

117. As part of the ongoing project management, a long term engagement and consultation plan will be developed in partnership with Symphony in order to capture the necessary engagement and consultation activity that will need to take place post Preferred Bidder announcement and prior to contract award. This will involve all the relevant stakeholders as well as a formal staff consultation process, regarding TUPE.

118. In terms of engagement and communication beyond contract award, Symphony provided a great deal of detail within their final bid in terms of a staged approach to engagement with the local communities, key partner organisations, service users and staff as part of the ongoing development of the Centres of Excellence.

Community Impact Assessment

119. A Community Impact Assessment (CIA) has been produced by the project team with the support of the Equalities Team. This contains further detail regarding the project approach to stakeholders. The CIA is appended in full to this business case (please see Appendix D).
4. OUTCOMES AND PRIORITIES

PURPOSE OF THIS SECTION

120. This section sets out the key outcomes that the Council wishes to achieve through the delivery and development of Dementia Centres of Excellence, in line with the Council Strategic Outcomes which have driven the procurement process.

121. This section also describes the high level Council priorities for commissioning of care services.

OUTCOMES

122. The desire from commissioners is for the Dementia Centres of Excellence to become “one stop shops” as part of a wider dementia pathway for people living with dementia and their carers, at whatever point of the care pathway they are on, ranging from advice and information through to specialist residential and nursing care. They will ensure diversity and creativity in an expanding market place and give the Council an integral role in shaping services to meet identified need, whilst ensuring strategic outcomes are achieved.

123. The model of care will:

- be flexible, allowing an individual to be supported right up until end of life
- be clearly defined, with specific quality outcomes
- promote choice and enable individuals to live as independently as they are able
- support the development of dementia friendly communities by promoting the principles of person centred care for people with dementia

124. The services will:

- be accessible and flexible in order to meet the changing needs of all people living with dementia
- offer resources/services that can be shared with or visited by the local community
- provide state-of-the-art facilities which enable delivery of the care model
125. The emphasis has been placed on developers and care providers to put forward innovative designs and service models which meet the key aims, objectives and outcomes of this project, whilst also meeting the NICE Quality Standard for Supporting People to Live Well with Dementia (QS30) (April 2013).

126. The key outcomes that we were seeking to achieve for people living with dementia are:

- Access to high quality affordable care, for all who need it at all stages of the dementia care pathway.
- People will have choice and control in how their needs are met through the provision of personalised services which adapt, reducing the need for people to move, as their needs change.
- People with dementia and their carers will have access to good-quality information on the illness and on the services available, both at diagnosis and throughout the course of their care.
- People will be able to access high quality care and a range of services to support people with dementia living at home and their carers.
- People will be able to remain independent as long as possible and delay reliance on more intensive services.
- People are able to live well with dementia in supported living tenancies or care homes
- There will be an increased public and professional awareness and understanding of dementia and the stigma associated with it addressed
- People with dementia will have access to a pathway of care that delivers: a rapid and competent specialist assessment; an accurate diagnosis, sensitively communicated to the person with dementia and their carers; and treatment, care and support provided as needed following diagnosis through to end of life.
- Families and carers are made to feel both welcome and in control by being included in any assessment, care planning and fully involved in decision making activities.

PRIORITIES

127. The key priorities for the delivery of this project are:

- To contribute to raising quality of care across the county, leading by example.
- To replace the current three homes with state of the art facilities and be able to offer residents improved care
• To no longer be a provider organisation but to commission high quality services and create a vibrant marketplace

**PROCUREMENT ROUTE**

128. In deciding which procurement approach to take, the focus was on the Council’s Commissioning Framework and Priority Outcomes. This led to the decision to concentrate on outcomes rather than outputs, which requires a change in the way we specify and manage the requirements of the contract. As the requirements of the contract are complex, it was acknowledged a traditional procurement exercise would not achieve the desired outcomes, and discussions with bidders would be required to enable them to gain a greater understanding of the outcomes we expect, and the priorities of service users in Staffordshire. Discussions with bidders would also allow the Council to gain a greater understanding of the depth and quality of the service the bidders are able to provide.

129. A Competitive Dialogue procurement process was selected based on the findings of the market testing activities, the need to retain flexibility throughout, the need to undertake detailed conversations with bidders and the need to comply with EU regulations. A decision was made to run a two stage dialogue process. To ensure a high quality of care continued to be delivered to service users, time was deemed not of the essence, as it was considered more important to undertake a thorough process, taking the time required to ensure the appointment of a Preferred Bidder with the ability to deliver the outcomes required, particularly in the delivery of the care package.

130. Figure 9 below shows the high level milestones associated with the procurement plan:

<table>
<thead>
<tr>
<th>Event</th>
<th>Indicative Dates / Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of OJEU and PQQ Documents</td>
<td>15th January 2013</td>
</tr>
<tr>
<td>Phase 1 Dialogue – ISOS and ISDS</td>
<td>Up to 7th June 2013</td>
</tr>
<tr>
<td>Phase 2 Dialogue - ISFB</td>
<td>Up to 17th March 2014</td>
</tr>
<tr>
<td>Final Bid Submission</td>
<td>28th March 2014</td>
</tr>
<tr>
<td>Notification of Preferred Bidder</td>
<td>18th June 2014</td>
</tr>
<tr>
<td>Contract Award</td>
<td>October/November 2014 (tbc)</td>
</tr>
</tbody>
</table>
PRODUCTION PROCESS OVERVIEW

131. In response to this advertising, 108 expressions of interest were received, with twelve compliant PQQ submissions being returned. Five organisations were selected from the returned PQQ submissions to go through to the Competitive Dialogue stage of the procurement process, the start point of which was to return an Outline Solutions document submission.

132. One bidder withdrew during the dialogue process and one organisation was de-selected from the procurement process due to the poor quality of responses received in the Outline Solutions document submission.

133. Two other organisations subsequently voluntarily withdrew from the process before the second phase of dialogue started, citing various organisational reasons for the withdrawal.

134. This left one bidder, the Symphony Consortium, in the procurement process. After a period of pause to review the procurement process and conduct a due diligence exercise, the decision was taken in December 2013 to proceed with the procurement process with the sole bidder left in the process. Dialogue sessions were held with the sole bidder during February and March, with the deadline date for submission of the Final Bid being 28th March 2014.

135. Throughout the procurement process a consistent approach was taken to the evaluation of bids. An Evaluation Panel, made up of critical members of the project team, was involved in evaluation at all stages and took advice from specialist advisors and subject matter experts from relevant service areas. Details of the composition of the evaluation panels at each stage in the process are contained in the Procurement Reports, available from the Project Team.

EVALUATION CRITERIA

136. Following approval from the Project Board, the decision was made to evaluate bids submitted at the ISOS stage on a mixture of quality and price, to establish the proposal which is the most economically advantageous to the Council:
• Quality = 60%
• Price = 40%

The criteria above were divided into the following sub-criteria for the ISOS and ISDS stages of the process:

Quality:
• Transition of Existing Building and Land, Staff and Service Users = 10%
• Design Plan and Development Proposal = 20%
• Engagement and Care Service Delivery = 30%

Price:
• Business and Finance Model = 40%

137. The majority of the weighting available was given to the care service delivery and the financial model, as these criteria were generally acknowledged to be the two most important aspects of the bid. It is vitally important to appoint a Preferred Bidder who is able to deliver the quality of care required, but the delivery of this care must be affordable to service users and the Council. The structure of the evaluation criteria is discussed in more detail below.

Quality Criteria

138. Quality criteria accounted for 60% of the total available score. This was divided between the three sub-criteria as detailed above. Under these headings, the bidder was asked to provide details on a number of aspects, showing how the project would be managed and successfully delivered. The details required included:

• the process for assuming ownership and management of existing building and land
• the process for managing the transition of staff from Council employment to the successful providers employment
• the process for managing the transition of service users from Council care into the successful providers care, and from existing facilities into new facilities
• the provision of design plans to RIBA standards
• the provision of a detailed specification of the proposes new facilities, including use of assistive technology
• the process for managing, communicating and consulting with a wide group of stakeholders
• the provision of detailed information showing how the bidder proposes to deliver a high quality care service
Price Criteria

139. The bidder was required to provide a fully costed business and financial model, which clearly shows the cost breakdown for the complete delivery of the project. As a minimum, the bidder was required to show the following in the model:

- details on how the project will be financed, demonstrating project finance will be in place and sustainable for the life of the project
- information on what contributions and commitments will be required from the Council as inputs into the project (this could include land, access to preferential finance, block contracts etc.)
- details regarding how many places will be extended to the Council, at what price and for how long, in return for Council inputs identified
- the price per person, per week, to be charged for self-funded service users

Final Bid Evaluation Criteria

140. For the evaluation of the Final Bid, due to the nature of the Competitive Dialogue process, and the fact that all but one bidder withdrew from the procurement process, it was agreed with the Council Audit Department and the Project Board there would be little merit in applying the traditional evaluation methodology (e.g. applying a weighting and a score to each of the criteria) to the Final Bid submission. It was decided instead to review the Final Bid submission and deem it either Acceptable or Unacceptable, when considering it against the outcomes required from the project. The single bidder was informed of this decision prior to the issue of the Final Bid documentation, and no objections were raised.

SUMMARY OF EVALUATION OUTCOME

141. Figure 10 below shows the results of the evaluation.

Figure 10: Evaluation Outcome Results

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Criteria</th>
<th>Result of Evaluation (Acceptable or Unacceptable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Symphony Consortium</td>
<td>Transition of Existing Building and Land, Staff and Service Users</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>
Design Plan and Development Proposal  Acceptable

Engagement and Care Service Delivery  Acceptable

Business and Finance Model  Acceptable

142. Based on the results of the evaluation, the project board has agreed to recommend to Cabinet that it appoints Symphony as Preferred Bidder, and that work then commences to develop a contract based upon the contents of the Final Bid received.

AUDITING ARRANGEMENTS

143. The Internal Audit team has been engaged on the project to provide assurance throughout the procurement process. The objective of the internal audit review was to assess the robustness of the approach taken by the project team in conducting the procurement process.

144. The scope of the first internal audit work focused on the following:

- Governance arrangements.
- Compliance with Procurement Regulations and EU Directives.
- Evaluation methodology used for the Outline Solution stage of the procurement process.
- Confirmation of the accuracy of the evaluation spreadsheet to ensure scoring is correctly calculated.
- Robustness of the quality assurance process in place when scoring the Outline Solution submissions.

145. The Final Report was received on 13\textsuperscript{th} August 2013 and the audit opinion received was one of Substantial Assurance. A number of strengths were recognised in the Final Report in relation to the procurement process:

- There are robust governance and project management arrangements in place operated through the Centres of Excellence Project Board.
- A procurement strategy is in place which conforms to both internal procedures and European Procurement Directives.
- Procedures are in place to ensure that the procurement strategy is being followed, which includes the use of the e-tendering system and completion of a procurement control document at each stage in the process.
- Bidder and evaluation guidance has been produced.
• An audit trail exists which supports the individual evaluation team members score through to the final agreed outcome.
• An assurance process is in place for the evaluation of score computations.

146. The final stage of the procurement process has been the focus of an internal audit review in May 2014 and again, the audit opinion received was one of Substantial Assurance.
5. WHAT WILL IT LOOK LIKE?

PURPOSE OF THIS SECTION

147. This section details what Symphony is proposing in its solution to develop Centres of Excellence.

SUMMARY OF THE PREFERRED BIDDER’S SOLUTION

148. The Council currently owns and manages three residential care facilities:

- Hillfield House, Stretton, Burton-upon-Trent
- Meadowyrthe, Tamworth
- Bracken House, Burntwood, Tamworth

149. The solution sets out the details of the process for assuming ownership and management of the current facilities and for the provision of new facilities to replace these homes, which are considered to be not fit for purpose. It also describes the process to be applied regarding the transition of staff and service users from the employment and care of the Council to the Symphony consortium, and explains the care model which will be employed. Finally it provides a business case and financial model, demonstrating the affordability of the proposal.

150. The solution was split into four sections, each section corresponding to one of the evaluation criteria detailed in the tender documentation. The solution was predicated on a preferred ‘base case’ delivery model. This base case model assumed the following inputs and requirements:

- The County Council to input into the project, at nil consideration, the following land sites:
  - Hillfield House
  - Meadowyrthe
  - Bracken House
  - Staffordshire County Council Highways Depot and Waste Transfer Facility, located at Trent Valley Road, Lichfield, Staffordshire (‘the Lichfield site’)

43
The Symphony consortium will build two Centres of Excellence, one on the Lichfield site and one on the Burton site identified above. On completion, service users living in the three current homes will transfer into the two new Centre of Excellence facilities.

The number of places available in the new facilities will be 45 at the Burton site and 90 at the Lichfield site. All 45 beds at the Burton site will be reserved for local authority funded services users, with 60 beds at the Lichfield site being reserved for local authority funded service users. The remaining 30 places at the Lichfield site will be offered to self-funded service users.

The Symphony consortium will retain the sites which the three current homes sit on and will develop these for general needs housing.

Symphony will make a contribution to the project of £536,000, funded from the development of the three existing sites.

On assuming the management of the current homes 100% of current staff will transfer into the employ of Symphony under the TUPE Regulations. However, over a period of time, and via a structured redundancy programme, the number of posts will be reduced by 60%. The aim is to complete the redundancy programme by the time of transition into the newly built facilities. There is no anticipation of compulsory redundancies.

The Council to meet all severance and redundancy costs.

The number of service users to transfer into the new facilities is assumed to be 105

The Council will agree to ‘block book’ a number of beds, starting at 105 and tapering to 20 over an eight year period (10 in each new facility)

Public Works Loan Board (PWLB) facility will not be utilized (the County Council offered the use of this facility to Symphony in the early stages of the project, to assist in securing finance at a lower cost)

The assumed void rate in the centres is 12%

A 30 year contract is awarded

151. In return for the above inputs, the County Council will secure a bed price of £630 per bed, per week. This price however may be lower depending on options which can be chosen by the Council (see Cost/Benefit Analysis in Section 5).
152. During preferred Bidder phase, the current project board will take reports from the various work streams and direct the project.

153. Following the award of Preferred Bidder there will be a joint Governance work stream with Symphony to develop how the project arrangement will be governed after contract award. This will link to the Contract Completion group and KPIs to manage the various parts of contract delivery will be developed.

154. The Council currently employs 172 staff on various contracts in the three homes, including casuals (staffing data taken as of 27.1.14). It is anticipated that effectively 100% of the staff will TUPE to Symphony (Accord) at contract commencement. Staff groups are carers and catering.

155. Staff roles will be gradually aligned to the new care model as it is introduced and a comprehensive training and development package will be implemented by Symphony. The new model of care will be firmly embedded before residents transition to the new homes and staff groups will move with residents in line with the new model.

156. Work will be carried out jointly with Symphony during the Preferred Bidder phase to align the workforce to the new care model and to understand where this is not possible. In order for the business model to offer excellent care at an affordable price, the aim is to have 40% of the staff still employed on TUPE terms at the point of transition into the new homes, which will ensure continuity of care for residents. It is anticipated that voluntary redundancy will be offered over the two year period before the new homes open. Compulsory redundancies are not anticipated. Any changes to staffing levels, roles or terms and conditions will be subject to undertaking the necessary consultation and compliance with TUPE.

157. The TUPE transfer mechanics proposed by Symphony are legally compliant and represent good practice, considering both Employee Relations issues as well as employee engagement.

158. Workforce and TUPE arrangements will be managed via the Staff and Service User Transition work stream and will be a key consideration during the development of the
mobilisation and transition plan. This will include communication and engagement, consultation with affected staff and Trade Union representatives, transferring entitlements and terms and conditions of employment and Staff induction and transition.

KEY LEGAL FEATURES

159. The Preferred Bidder

The Council and the Preferred Bidder will simultaneously enter into three core Agreements in connection with the operation of the existing in-house homes (“the Current Homes”) and the construction and operation of the Centres of Excellence namely:

1. Project Agreement
2. Business Asset Transfer Agreement (“BATA”)
3. Service Delivery Agreement (“SDA”)

1. The Project Agreement (PA)

1.1 The PA is an overarching contract setting out how the Project is to be delivered.

1.2 The term of the Project as a whole will be 30 years from practical completion of the second Centre of Excellence.

1.3 The PA contains key provisions dealing with:

- ownership and responsibility for the operation, operation costs and decommissioning of the Current Homes;
- stakeholder engagement and consultation in connection with the transition from the Current Homes to the replacement Centres of Excellence.
- development obligations and timeframes in connection with the Centres of Excellence to replace the Current Homes;
- responsibility for obtaining planning permission and other necessary consents.
- The design and specification of the Centres of Excellence;
- responsibility for decommissioning the Current Homes;
- funding arrangements including:
  - donation of Council land at nil consideration for use as Centres of Excellence; and
  - PWLB finance (if utilised);
- termination in the event of default or insolvency and the consequences of termination; and
- “boilerplate” provisions that are common clauses for a contract of this nature.
1.4 The PA will also deal with the possibility of developing further Centres of Excellence across Staffordshire in the future.

2. The Business Asset Transfer Agreement (BATA)

2.1 The BATA will effect the transfer and operation of the Current Homes (“the Business”) and associated assets to enable the Preferred Bidder to operate as a going concern on and from completion until decommissioning of the final part of the Business on completion of the replacement facilities.

2.2 The BATA contains key provisions dealing with:

• the completion of short term leases of the Current Homes;
• the secure transfer of data relating to the Residents;
• the transfer of fixed and moveable assets;
• the transfer of staff pursuant to TUPE including responsibility for redundancy costs;
• responsibility for historic and future pension liabilities and admission to the LGPS;
• “boilerplate” provisions that are common clauses for a contract of this nature.

3. The Service Delivery Agreement (SDA)

3.1 The SDA will govern the operation of and delivery of care in the Current Homes and the new Centres of Excellence.

3.2 The initial term will be 30 years from practical completion of the second Centre of Excellence.

3.3 The SDA contains key provisions dealing with:

• registration with the CQC for residential and nursing care if applicable;
• the care model to be operated in the Current Homes and the new Centres of Excellence;
• a suitable admissions policy for the Current Homes pending completion of the replacement Centres of Excellence;
• a policy for engaging, and consulting if necessary, with all appropriate stakeholders including relevant healthcare bodies;
• the strategy for transferring residents from the Current Homes to the new Centres of Excellence;
• the number of beds and types of accommodation to be provided in the Centres of Excellence;
• training of staff in particular in relation to the care model to be adopted in the Centres of Excellence;
• payment rates in the Current Homes and the Centres of Excellence;
• the mechanism for reviewing payment rates;
• block commitments and/or nomination rights;
• safeguarding of vulnerable people;
• quality assurance and quality monitoring procedures;
• default, suspense and termination and the consequences of termination;
• business continuity plans;
• “boilerplate” provisions that are common clauses for a contract of this nature.

160. **Staffordshire and Stoke on Trent Partnership (SSoTP)**

1. The Council is responsible for the assessment of the needs of services users and meeting those assessed needs.
2. SSoTP is the budget holder of funding for placements in the Current Homes and the Centres of Excellence.
3. The financial relationship between the Council and SSoTP is governed by the Section 75 Agreement dated 30th March 2012.
4. The Section 75 Agreement, in general terms, gives the Council responsibility for procuring and managing all Social Care Service Contracts for the duration of the Section 75 Agreement and to recover its expenditure under the Agreement.
5. SSoTP has been fully engaged in the competitive dialogue process and has approved the principle of the pricing structure and a block contract/nomination arrangement.

161. **Clinical Commissioning Groups (CCGs)**

1. The Council has liaised with the key CCGs to seek their input into the care model and associated services to be delivered at the Centres of Excellence as part of the wider dementia care pathway.
2. CCGs will continue to access services commissioned by the Council under the same arrangements as at present. Any appropriate Section 256 Agreements will be put in place independently.
3. The CCGs may enter into separate agreements direct with the Preferred Bidder.

**PHASING OF SERVICE TRANSITION**

162. From award of Preferred Bidder status Symphony will work with the project team to develop a contract. It is anticipated that the contract will be signed in October/November 2014.
163. Symphony will take over the management of the three in-house homes at that point. Site surveys and investigations will be conducted on the new sites in October/November 2014 (depending on contents of contract), aiming for planning approval and vacant possession of the two new sites in March 2015 (dependent on discussions with Lichfield District Council and Highways). Work will start on the new sites in May 2015, with the build works completing in Burton in August 2016 and in Lichfield in February 2017. These dates depend on timing of site availability.

164. It is anticipated that Hillfield House in Burton will close in October 2016 and Bracken House and Meadowyrthe in April 2017, with residents transferring to the new facilities.

COST/BENEFIT ANALYSIS

165. The outcomes sought for this project have been focused on achieving excellence in care at an affordable price, and there has been no requirement for this project to deliver MTFS savings. However, value for money has been assessed, and there is the potential for the project to deliver savings over a number of years.

Commercial Model

166. The Bidder, Symphony, submitted a Commercial Model demonstrating cost proposals for the following areas:

- Management of the existing homes;
- Development and build of replacement centres of excellence for dementia;
- Transition of existing staff and service users;
- On-going operational costs for Dementia Centres of Excellence.

167. The financial model developed by Symphony enables these Centres of Excellence to provide high quality care within a specially designed environment which is also affordable and comparable with other care home settings.

168. Included in the final bid were a number of options, and service proposals, developed around a base case scenario. The model allows the Council to choose how much land to contribute, whether or not to offer PWLB to reduce the cost of borrowing, to specify the extent of any block contract for beds, and to understand the impact of TUPE, all of which affect the bed price which Symphony is proposing to guarantee.
From base case scenario figures in the financial model, Symphony has a robust business case, with profit over 30 years estimated to be around £18m, with payback after approximately 20 years.

Impact of Different Scenarios

The base case scenario provided by Symphony proposes a bed price of £630 per week. This is based on the Council providing the 3 current sites of the homes and the 2 new sites at nil cost. The current average unit cost based on the budget is £670.94 per bed, per week. When compared to the price put forward by Symphony this represents a saving of £40.94 per bed, per week.

Two other scenarios are provided in the model, which asks for further contributions from the Council and which result in a lower bed price per week. These require further capital contribution from the Council or use of PWLB, resulting in bed prices of £555 and £600 per week respectively.

It should also be noted that whilst only three scenarios have been presented in the Financial Model, the number of scenarios which could be applied are many, and it would be impossible to discuss all the different options available to the Council in this report, all of which have the potential to impact bed price. Moving forward, the Council has the opportunity to apply a ‘mix and match’ approach and select, in agreement with Symphony, a model with a combination of variables which suits both parties. This will form part of the fine-tuning during Preferred Bidder stage, leading up to contract award.

The outcomes to all the scenarios provided are shown in figure 11 below with the financial effect over 5 year periods and in total for 30 years. It should be noted for each of these other factors which financially impact on the Council have been taken into account and the assumptions are listed below the table. The table shows that for Scenarios 9 and 11 there is the potential for savings to be made, but this is dependent on agreement with Symphony on the factors which influence this bed price. There are also potential long term savings from Scenarios 2 and 3, but these do not materialise until 20 years into the project.
Figure 11: Variance of Bed Price against Budgeted Unit Cost and Estimated Costs Arising

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Current Budget Cost</th>
<th>Symphony Price per Bed per week</th>
<th>Year 1 Variance on Budget Unit Cost</th>
<th>Total Costs (Evening) 8 years</th>
<th>Total Costs (Evening) 10 years</th>
<th>Total Costs (Evening) 15 years</th>
<th>Total Costs (Evening) 20 years</th>
<th>Total Costs (Evening) over life of contract - 38 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Base Case Preferred Model</td>
<td>£671</td>
<td>£91</td>
<td>£1.192.412</td>
<td>£2.280.726</td>
<td>£3.986.873</td>
<td>£3.328.963</td>
<td>£2.978.649</td>
<td>£2.797.942</td>
</tr>
<tr>
<td>2</td>
<td>5.5m Capital Contribution</td>
<td>£671</td>
<td>£562</td>
<td>£2.756.687</td>
<td>£4.872.37</td>
<td>£2.442.562</td>
<td>£2.499.79</td>
<td>£2.395.757</td>
<td>£1.958.777</td>
</tr>
<tr>
<td>3</td>
<td>PULL finance</td>
<td>£671</td>
<td>£62</td>
<td>£464.53</td>
<td>£1.284.946</td>
<td>£695.925</td>
<td>(£56.484)</td>
<td>(£971.892)</td>
<td>(£7.053.502)</td>
</tr>
<tr>
<td>4</td>
<td>Full whole eating offer</td>
<td>£671</td>
<td>£63</td>
<td>£614.89</td>
<td>£1.153.44</td>
<td>£887.6</td>
<td>£750.951</td>
<td>£757.444</td>
<td>£1.093.448</td>
</tr>
<tr>
<td>5</td>
<td>75% TUPE</td>
<td>£671</td>
<td>£67</td>
<td>£2.220.427</td>
<td>£3.264.869</td>
<td>£4.724.57</td>
<td>£4.678.26</td>
<td>£5.684.46</td>
<td>£5.912.972</td>
</tr>
<tr>
<td>6</td>
<td>75% TUPE</td>
<td>£671</td>
<td>£64</td>
<td>£2.492.44</td>
<td>£5.251.796</td>
<td>£6.347.54</td>
<td>£7.264.87</td>
<td>£8.742.58</td>
<td>£10.549.44</td>
</tr>
<tr>
<td>7</td>
<td>Symphony contribute full market value of 8 sites</td>
<td>£671</td>
<td>£72</td>
<td>£1.872.117</td>
<td>£2.272.944</td>
<td>£4.139.58</td>
<td>£4.531.38</td>
<td>£5.561.48</td>
<td>£5.861.042</td>
</tr>
<tr>
<td>8</td>
<td>PULL no block contract: increased void rate (15%)</td>
<td>£671</td>
<td>£74</td>
<td>£2.481.124</td>
<td>£4.914.84</td>
<td>£6.278.56</td>
<td>£7.642.94</td>
<td>£8.164.38</td>
<td>£9.391.527</td>
</tr>
<tr>
<td>9</td>
<td>PULL contribution of new sites</td>
<td>£671</td>
<td>£65</td>
<td>(£184.672)</td>
<td>(£418.83)</td>
<td>(£1.715.902)</td>
<td>(£2.928.003)</td>
<td>(£3.393.064)</td>
<td>(£4.771.006)</td>
</tr>
<tr>
<td>10</td>
<td>PULL contribution of new sites: no block contract void rate (15%)</td>
<td>£671</td>
<td>£69</td>
<td>1.281.209</td>
<td>£2.462.34</td>
<td>£8.164.38</td>
<td>(£4.575.37)</td>
<td>(£6.182.47)</td>
<td>(£7.852.972)</td>
</tr>
<tr>
<td>11</td>
<td>PULL contribution of new sites: void rate 15%</td>
<td>£671</td>
<td>£77</td>
<td>(£181.247)</td>
<td>(£418.83)</td>
<td>(£1.715.902)</td>
<td>(£2.928.003)</td>
<td>(£3.393.064)</td>
<td>(£4.771.006)</td>
</tr>
</tbody>
</table>

174. Assumptions

- The 30 year costs / (savings) column is the net effect of the variation in bed price against the costs to the Council, discounted over 30 years;
- Any financing has been assumed at 4.2% over 10 years;
- Unless otherwise specified the following applies:
- Void rate is 12%;
- TUPE is initially 100%, reducing to 40% by the time the new are homes built
- Block contract is in place from contract start, tapered over 8 years
- The value of the existing sites is profiled on the assumption that the whole £5.325m would not be realised on day 1
- RPI built in @ 2.5% on Symphony bed price
- Inflation of 2% built in on Budget Unit Cost as per MTFS assumptions
• Redundancy cost assumed as £1.38m revenue contribution
• All costs / (savings) are discounted using Treasury discount rate of 3.5%

For information two additional tables are shown below. Figure 12 shows the impact of each scenario on the base cost (£630 per bed per week) over a 30 year period. Figure 13 summarises some of the variables of the scenarios and shows the impact per annum and over 30 years.

Figure 12: Effect of Changes in Bed Price against Base Cost Model

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Price per bed per week E</th>
<th>Variance on Base Cost E</th>
<th>Effect over 30 years on Base Cost E</th>
<th>30 year effect as per Table 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Base Case Preferred Model</td>
<td>£630</td>
<td>-75 (0.618, 0.516)</td>
<td>1,928,717</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3.5% Capital Contribution</td>
<td>£600</td>
<td>-20 (4.681, 2.21)</td>
<td>1,003,212</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>PWLB finance</td>
<td>£557</td>
<td>-27 (5.450, 0.70)</td>
<td>6,910,790</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>DOC retain existing sites</td>
<td>£626</td>
<td>6 (2.094, 4.21)</td>
<td>1,000,490</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>50% TPE</td>
<td>£694</td>
<td>54 (6.571, 1.74)</td>
<td>10,049,660</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>50% TPE</td>
<td>£706</td>
<td>76 (5.334, 0.20)</td>
<td>5,061,940</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Symphony contribute full market value of 8 sites</td>
<td>£796</td>
<td>76 (5.334, 0.20)</td>
<td>5,061,940</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>PWLB, no block contract, increased valid rate (10%)</td>
<td>£674</td>
<td>44 (6.115, 9.07)</td>
<td>9,591,027</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>PWLB, contribution of new sites</td>
<td>£656</td>
<td>-24 (6.269, 0.00)</td>
<td>4,791,050</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>PWLB, contribution of new sites, no block contract, valid rate (10%)</td>
<td>£650</td>
<td>50 (4.205, 3.91)</td>
<td>7,650,310</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>PWLB, contribution of new sites, valid rate 5%</td>
<td>£592</td>
<td>-50 (5.394, 2.83)</td>
<td>4,910,313</td>
<td></td>
</tr>
</tbody>
</table>

Figure 13: Impact of Summary of Variables
Value for Money

175. Value for money of the proposal has been assessed in three ways:
- Proposed bed price v current bed price
- Proposed bed price v average local bed price
- Proposed bed price v opportunity cost to Council

176. **Proposed Bed Price v Current Bed Price:** The proposed bed price submitted by Symphony, based on the base case, for local authority funded service users is £630 per bed, per week. This price will be applied from the point where existing residents transfer into the new facilities. Up to that point, the Council are to continue to pay the current bed price / running costs of the three existing homes on a ‘pass through’ agreement. The price to be charged to self-funded service users is £775 per bed, per week. This price remains constant throughout each scenario submitted. The price for self-funders will only apply to new self-funders in the new Centres of Excellence and current self-funders will be charged the same price as now with the Council picking up the difference when these residents are in the new Centres.

177. The average unit cost based on the budget is £670.94 per bed, per week. When compared to the price put forward by Symphony this represents a saving of £40.94 per bed, per week. Assuming the number of service users remains constant at 105, this represents an initial saving (based purely on bed price) on unit cost in year one of £224,134. Other factors need to be taken into account to see the full impact (figure 11).

178. **Proposed Bed Price v Average Local Bed Price:** The national range for residential care beds with nursing is £410 - £1,309 per week, with an average bed price of £704.
More locally, the Paying for Care website West Midlands residential care beds with nursing bed price is £708. The bed price for residential care with nursing for the Stone Road development in Stafford is £789 (residential only is £738), (These are prices produced without any financial contribution to the build costs from the Council). The average bed price paid by SSoTP (Sept. 2013) is £540/wk. SSoTP purchase the lowest price beds available at any given time that meet the customer’s needs, so this is not an average price of beds available, which is likely to be higher. The information on average bed prices across Staffordshire is not available. The difference between the prices paid by SSoTP and the Symphony proposed price of £630 is anticipated as the Centres of Excellence will be delivering excellent care in state of the art facilities.

179. **Proposed Bed Price v Council Opportunity Cost:** Symphony has proposed that the Council contribute the sites of the 3 current homes and also the 2 sites for the proposed new homes, in exchange for a bed price of £630 per week. In terms of opportunity cost, the Council could sell the land on the open market for residential use or act as sole or joint venture housing developer to develop the sites for residential use. Figures provided are estimates as a number of assumptions have been made in terms of build costs, demolition costs, professional fees, contingencies and the cost of finance. Depending on whether the sites are sold or developed, it is estimated that the total value would be between £5.3m and £8.5m, if the sites were not used for the Dementia Centres of Excellence project. At the time of writing, no alternative use has been identified for any of the above sites, although there has been an enquiry about use of part of the Burton site for a children’s nursery.

180. It should be noted that the opportunity costs discussed above concentrate on the **monetary opportunity costs only.** Whilst the Council may be able to achieve up to £8.5m from the sale or development of the above sites, this would not achieve the commissioning intentions of the Council in terms of the future provision of dementia care in the region.

181. From figures provided in the Symphony business model, the Project Board believes better value for money would be achieved if the current 3 sites were retained by the council and only the 2 new sites provided to Symphony at nil cost. This would be an opportunity cost of £3.3m for the market value of the 2 sites. This would be discussed during the Preferred Bidder stage with Symphony. Disposal of the current 3 sites would be through the Strategic Property Partner.

182. The proposed bed price of £630 per week has the potential to be reduced by constructing scenarios with different assumptions. For example, if the Council input the Lichfield and Burton sites into the project at nil value, forwent the current open market value of the sites (when sold ‘as is’), retained the current 3 sites, and PWLB were used, the bed price would reduce to £580 per week, with a return on investment time period of
10 years. There are a number of other costs to the Council which may need to be taken into account as discussions continue. The above scenarios are for indicative purposes only at this stage. It is proposed that alternative scenarios are discussed with Symphony during Preferred Bidder stage.

**SOCIAL VALUE**

183. The proposal brings social benefit to the local community, and meets the Council’s agenda in respect of social value, in a number of ways:

- The provision of state of the art facilities will improve the well being of both residents and staff in the homes, providing a safe and comfortable home and working environment.
- The inclusion of a community hub in each of the new homes will provide resources which will not only be available for residents and staff to access, but can also be accessed by members of the local community, improving the services available within the local area. Such resources could include (amongst other things) an IT suite, a Citizens Advice Bureau (or similar), a crèche, a café/restaurant facility, a dementia clinic and day care facilities.
- The requirement to construct two new facilities may create job opportunities in the local construction supply chain, as the use of sub-contractors to deliver the new facilities may be required. This will meet the Council’s aim of providing work for local businesses.
- The Symphony consortium will be required to employ a number of apprentices in order to deliver the care service as specified, thereby supporting the Council’s aim of creating apprenticeships in the region.
- The Symphony consortium are committed to the promotion of careers in the care sector, and the provision of the new facilities will secure current care jobs and create new jobs for carers in the future.
- The creation of the Centres of Excellence will raise awareness of dementia in the local community, and will provide a place where people can go to learn more about the condition, and receive advice on what help is available to them and their relatives who suffer from dementia.

**PENSIONS – SOLUTION AND COSTS ASSOCIATED**

184. The Local Government Pension Scheme (LGPS) Regulations permit the Pension Fund to enter into a legal agreement with a private sector employer. This legal agreement is known as an admission agreement and ensures that the TUPE transferred employees have continued access to the LGPS. The parties to the admission agreement with the Staffordshire Pension Fund must put in place a bond or guarantor to guarantee the pension liabilities in the event that the service provider’s business fails.
185. The new service provider can enter into a pension risk sharing agreement with the awarding authority which in this case is the Council. The pension risk share that has been agreed is as follows:

- A fixed employer’s pension contribution rate of 22.1% of pensionable payroll. This rate will need to be reviewed when the final list of staff being transferred is established and the Council reserve the right to adjust this rate by plus or minus 2%, and only applies to employees transferring from the Council.
- The fixed employer’s pension contribution rate will not change for Symphony at any subsequent triennial valuation, however at each fund valuation (every three years) and any shortfall is made up by the awarding authority i.e. the Council. The first valuation following the award of the contract will be 31st March 2016.
- Symphony will take the risk for any employer related decisions which attract an extra pension cost, for example, additional pension costs where an employee is made redundant outside the parameters of the final agreed contract.
- The Council will take the pension risk for both the past and future deficits except in circumstances where the actuary identifies pay increases above their actuarial assumptions. If this were identified then Symphony would be responsible for the difference.
- The Council will act as guarantor to the pension fund, as the commercial proposal has been based on a fixed rate employer contribution “pass through” arrangement.
6. HOW WILL WE GET THERE?

PURPOSE OF THIS SECTION

186. This section describes the work to be done to achieve the end state described in the final bid submission, contract and KPI’s.

THE PLAN

187. The work will be done in three phases:

- Preferred Bidder phase (after appointment of Preferred Bidder to contract award)
- Mobilisation phase (from appointment of Preferred Bidder to after contract award, PB2 and PB3 below)
- Transition phase (after contract commencement to transition of residents into new Centres of Excellence)

Preferred Bidder Phase

188. This will cover the period from Cabinet decision to award Preferred Bidder status to contract award (October/November 2014) and will involve further discussions with Symphony to fine tune the detail of the contract, including transfer of the existing service to the new provider and delivering the new Centres of Excellence. This phase will see the creation of the contract governance structure that will be agreed between the two parties. Key roles and responsibilities will be agreed, along with KPIs. The aim of this phase is to ensure a “soft landing” at the start of the contract.

189. There will be 6 joint work streams with Symphony during Preferred Bidder phase:

PB1 Care Model: Further development of the care model, together with CCGs, SSoTP and other stakeholders to align the model to the dementia care pathway, tailored to local needs. Development of Service Delivery Agreement.

PB2 Land/Property Transition: Licence to operate existing three homes and assets transfer, transfer of two new sites to Symphony, including discussions with Lichfield DC and Highways on timing of vacant possession. Development of Business Asset Transfer Agreement.

PB3 Staff and Service User Transition: Staff consultation and transition arrangements, TUPE, development of voluntary redundancy programme,
service user transition. Development of Business Asset Transfer Agreement.

PB4 Stakeholder Management: Engagement and wider consultation with staff, service users and families, local communities and wider stakeholders. Joint engagement plan with Symphony. Links to PB3.

PB5 Financial: Fine tuning of business model, including PWLB, voids, interest rates, block. Development of Project Agreement and Business Asset Transfer Agreement.

PB6 Governance: Development of governance post contract award, KPIs, roles and responsibilities. Development of Project Agreement.

There will also be a seventh work stream:

PB7 SCC/SSoTP: Jointly with SSoTP, understanding and addressing the impact of the agreements and contract on the SCC/SSOTP relationship.

190. Legal completion will take place at the end of this Preferred Bidder Phase.

Mobilisation Phase

191. This will cover the period from contract commencement (1st November 2014) to the completion of the mobilisation activities (1st December 2014). Demobilisation of the current contractual arrangements will continue through this phase to the point at which a safe handover to the new arrangements is achieved for all parts of the services being transferred. This will be handled through work streams PB2 and PB3.

192. During mobilisation, the process of novation and assignment of third party contracts will continue and transfer of ICT equipment and records is anticipated. Mobilisation in anticipated to take 4 weeks.

Transition Phase

193. This will cover the period from contract commencement (1st November 2014) to residents from the existing homes moving into the new Centres of Excellence, and will be managed by Symphony.
194. Site investigations will take place and planning approvals will be obtained by end March 2015. Construction work on sites will start in June 2015, for completion in Burton in August 2016 and Lichfield in February 2017. Existing homes will be closed October 2016 (Hillfield House, Burton) and April 2017 (Bracken House, Burntwood and Meadowyrthe, Tamworth).

Governance

195. Governance of the project over the Preferred Bidder, Mobilisation and Transition phases is shown below in figure 14.
Figure 14: Proposed Governance after award of Preferred Bidder
196. During Preferred Bidder stage, the parties shall liaise with a view to fine tuning the contract to meet the proposed solution. Contract signature and legal completion is anticipated during October/November 2014, at the end of Preferred Bidder phase, contract commencement being the start of December 2014.

RESOURCE REQUIREMENTS

197. The following is an estimate of resources required from award of Preferred Bidder status to award of contract.

Figure 15: Estimated Resources Required to Contract Award

<table>
<thead>
<tr>
<th>Resources Required</th>
<th>Estimated Resource from Final Business Case to Contract Award (est. 16wks/4 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff Resources</strong></td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td>64 days Deborah Sullivan (4 days a week)</td>
</tr>
<tr>
<td>Project Support</td>
<td>32 days Jason Toft (2 days a week)</td>
</tr>
<tr>
<td>HR</td>
<td>40 days Karen Till (2.5 days a week)</td>
</tr>
<tr>
<td>Finance</td>
<td>40 days Alison Barnes (2.5 days a week)</td>
</tr>
<tr>
<td>Procurement</td>
<td>16 days Rosie O’Doherty (1 day a week)</td>
</tr>
<tr>
<td>Pensions</td>
<td>tbc Janet Caiazzo (tbc)</td>
</tr>
<tr>
<td>ICT</td>
<td>tbc</td>
</tr>
<tr>
<td>Legal</td>
<td>150 days Alison Heathcote (100 days, Geoff Evans 50 days)</td>
</tr>
<tr>
<td>Property</td>
<td>40 days Neil Jones (1.5 days and Jamie McDonald 1 day a week)</td>
</tr>
<tr>
<td>Communications</td>
<td>8 days Julie Waddicor (0.5 days a week)</td>
</tr>
<tr>
<td>Consultation</td>
<td>8 days (tbc) Wendy Tompson (0.5 days a week, tbc)</td>
</tr>
<tr>
<td>People</td>
<td>92 days Vicky Rowley (2.5 days a week), plus Andrew Reece (4 days total) and Jane Rigby (48 days) Plus Administration</td>
</tr>
</tbody>
</table>

198. The estimated cost for Legal Services to Contract Award is between £78,200 and £83,200. When added to the £54,500 spend to date, this brings the total legal fees to between £132,700 and £137,700 from start of project to contract award, an overspend on the original £100,000 budget allocated for legal fees, although this compares favourably with other large projects.

ACHIEVEABILITY
Symphony’s experience of delivering similar projects

199. Although the Symphony consortium is new, the constituent partners of Accord and Keepmoat have significant track records in delivering excellence in care and construction projects respectively.

Accord

200. The Accord Group owns and manages over 11,000 homes and provides services including care to more than 60,000 people. It is one of the largest housing associations in the West Midlands region employing nearly 4,200 people and operating with an annual revenue and capital budget of over £160m and assets of nearly £800m.

201. In addition, Accord has a strong track record in undertaking large-scale TUPE transfers, with over 400 staff being acquired by Accord in the first half of 2014 alone, and over 4000 staff joining the Accord team through acquisition in the last 10 years.

202. The Accord Group is a not-for-profit organisation providing housing, health and social care, and is one of the largest domiciliary care providers nationally.

203. Accord understands the challenging and changing health agenda and has ambitious plans to expand and in light of this, has grown its health and well-being services by working with key partner organisations. It is their proven track record in delivering person centred care which sees them continue to have a strong regulatory record with both the Care Quality Commission and local authorities.

Keepmoat

204. Keepmoat is the largest regeneration group in the country. Keepmoat works with 171 Local Authorities across England and Wales and had a turnover of £890m for the last financial year. The group focuses on the four core products in the housing sector: Sustainability; Retirement Housing; New Build Housing (Affordable and Sales); and Refurbishment.

205. In terms of specialist retirement housing Keepmoat has delivered over 4,160 units, with a value of £250m, across the country in the last 10 years, including 1679 units of accommodation across 27 ECH schemes with a value of £174m in the last 3 years. It is familiar with working with Registered Providers and Local Authority partners across the country to deliver design, build, finance and operate (DBFO) solutions in Retirement Housing.

The Council’s experience
206. The Council has a track record of delivering new and innovative approaches to the provision of public services; exploring and implementing alternative delivery vehicles, forming innovative partnerships and focussing on the delivery of outcomes rather than services.

- **Education Support Services**: The creation of a shared equity joint venture private limited company for the delivery of education support services, including; education transformation, special educational needs, catering, cleaning, grounds maintenance, information technology and property services, to provide an end-to-end service for learning organisations and to further exploit the commercial opportunities for growth for all included services both within and outside Staffordshire. A Competitive Dialogue Process was completed within 9 months, including completion and award of a £2billion contract. Preparations for Day 1 included the TUPE transfer of 4,000 staff and considerable assets.

- **Integration**: The transfer of almost 1,000 social care staff and a budget of £153 million from the Council to the new Staffordshire and Stoke-on-Trent Partnership NHS Trust.

- **Public Sector Network (PSN)**: the successful close of a large-scale telephony contract run via a Competitive Dialogue process and closed in December 2010; OJEU notice to end of standstill was 12 months.

- **Waste To Resources (W2R)**: The appointment of Veolia Environmental Services to run Staffordshire’s energy from waste project as part of a 25 year Private Finance Initiative (PFI). This £600m contract was the result of a Competitive Dialogue procurement process that took 2 years from issue of the OJEU notice (July 2008) to contract close (July 2010) with a Preferred Bidder phase of 3 months.

**EXTERNAL ADVICE & CHALLENGE**

207. Throughout the project commissioners and members of the team have engaged with a variety of stakeholders and interested parties in order to seek their views and involvement. Organisations such as SSoTP and local CCGs have been involved and been given a chance to provide advice in terms of future delivery which will affect them as key care providers.

208. Internal groups such as the Adult Care Panel and Trade Unions have been informed about the process that we have undertaken and have expressed their views, comments and concerns which have helped to inform how the project has been shaped and delivered.

209. Families and staff associated with the three in house homes, as well as other external stakeholders have also been involved in a variety of different ways and been given the chance to challenge the project drivers as well as our own thought processes. Feedback
received and questions asked regarding the project have enabled the team to also reflect on project details whilst continuously refining and improving our commissioning approach.
7. MEASURING THE IMPACT

PURPOSE OF THIS SECTION

210. This section details how the outcomes sought will be monitored over time.

211. Future proofing the contract to ensure that it continues to achieve relevant outcomes for the stakeholders is central to achieving a successful partnership with Symphony.

212. It will need to be sufficiently flexible to take account of the changing dementia care landscape, priorities of service users and also to the changing political, economic and financial landscape.

FUTURE INSIGHT WORK

213. To ensure sufficient capacity is developed for dementia care across the county, commissioners will continue to measure demand for services in different localities. This will allow timely call off on the contract with Symphony to develop additional Centres of Excellence as demand dictates.

214. It is anticipated that the care model will also evolve over time to reflect the latest innovations in dementia care, enabling our residents to continue to experience the best care possible. Keeping abreast of these developments our commissioners will use the relationship with Symphony to ensure excellence continues to be delivered.

215. The Council, through its Insight, Planning & Performance team and the individual services areas, already monitors and researches customer needs and through the use of a variety of surveys, engagement mechanisms and consultations, along with bespoke insight activities, works to identify how needs might change over time. The Insight, Planning & Performance team will continue to play a role, in tracking needs and priorities and translating those into desired outcomes.

216. In addition to changing dementia care demand and delivery needs, there will be a changing political and financial picture over the life of the contract. Upcoming changes introduced by the Care Bill will impact the way care is purchased and potentially the demand for services. The contract will be written to reflect such uncertainties.

KEY PERFORMANCE INDICATORS

217. KPIs will form an essential part of the performance management regime and will be developed by the work streams during Preferred Bidder phase and written into the
contract to ensure the outcomes sought continue to be achieved for the duration of the project agreement.

GOVERNANCE

218. Following the award of Preferred Bidder there will be a joint Governance work stream with Symphony to develop how the project arrangement will be governed after contract award. This will link to the Contract Completion group and KPIs to manage the various parts of contract delivery will be developed.

219. A joint transition and contract monitoring board will be focused on ensuring outcomes are monitored. This will allow balanced decision making from a political to an operational level and ensure outcomes are delivered.