



<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Integration Joint Board
<b>Held on</b>	1 June 2016
<b>Agenda Item</b>	11
<b>Title</b>	Bonnyton House Update
<p><b>Summary</b></p> <p>The purpose of this report is to update IJB members on progress with the sale of Bonnyton House residential service as an ongoing concern.</p>	
<b>Presented by</b>	Frank White, Head of Health & Community Care
<p><b>Action Required</b></p> <p>Integration Joint Board members are asked to note the contents of this report.</p>	
<p><b>Implications checklist – check box if applicable and include detail in report</b></p> <p> <input checked="" type="checkbox"/> Financial                <input type="checkbox"/> Policy                <input type="checkbox"/> Legal                <input type="checkbox"/> Equalities  <input type="checkbox"/> Efficient Government                <input checked="" type="checkbox"/> Staffing                <input checked="" type="checkbox"/> Property                <input type="checkbox"/> IT         </p>	

# **EAST RENFREWSHIRE INTEGRATION JOINT BOARD**

**1 June 2016**

**Report by Julie Murray, Chief Officer**

## **BONNYTON HOUSE UPDATE**

### **PURPOSE OF REPORT**

1. The purpose of this report is to update IJB members on progress with the sale of Bonnyton House residential service as an ongoing concern.
2. The report describes the background to this process and explains the current position and options available to the HSCP.

### **RECOMMENDATION**

3. Integration Joint Board members are asked to note the contents of this report.

### **BACKGROUND**

4. Bonnyton House is the sole care home for older people operated by the HSCP. Located in Busby, it is registered for 34 people, currently operating with 28 permanent beds and 6 respite beds. It also provides a day opportunities service for older people, offering support to between 70-80 people per week, who currently live at home.
5. As part of the process to identify savings for the 2015/16 – 2017/18 Council budget setting process, a range of options were considered for Bonnyton, including closure, service redesign and the sale and transfer of the service to a third sector or independent sector provider.
6. The Council was required to make £24 million savings from its budget for the three year budget cycle 2015/16 – 2017/18. The HSCP share of the savings in that timeframe was £5.6 million. However we now know that the savings requirements are expected to be even greater in 2017/18. The Council also recognised demand pressures over the same time period.
7. The last budget cycle was particularly challenging for officers and elected members. Significant efficiencies and savings had been taken from budgets in previous cycles and there were no 'easy' savings left to make. In particular, third sector providers had been making efficiencies year on year. The officers proposed savings that, whilst potentially difficult for staff, preserved good outcomes for residents. The decision on the future of Bonnyton was particularly difficult for elected members however the recommendation to sell Bonnyton House to a new care provider and to redesign older people's day opportunities was reluctantly supported. This will achieve a saving of around £600,000 per annum by the start of the financial year 2017/18.
8. The option to sell the residential service and develop alternative day opportunity provision was included in the 'Shaping our Future 2015-2018' consultation document that was widely circulated and debated prior to the budget setting meeting in February 2015.

9. At the Council budget setting meeting on 12 February 2015, it was agreed that the HSCP was required to make the savings outlined in 'Shaping Our Future 2015-18' but that the decision to sell Bonnyton House was delayed so that alternative proposals put forward by staff and families of residents could be considered by an outside agency. Families and staff strongly disagreed with the HSCP's proposals and produced alternative proposals which they believed would make the service more financially viable.
10. HSCP carried out a procurement exercise and appointed Grant Thornton to review our proposals and to analyse the alternative plans put forward by staff and resident's families. We provided Grant Thornton all our financial information as well as the alternative proposals put forward and asked them to review all the proposals.
11. At the meeting of the IJB on 7 October 2015 it was agreed to proceed with the sale of the Bonnyton House residential service as an ongoing concern to a provider with a track record in delivering quality care and to redesign the delivery of day opportunities for older people, to replace those delivered from Bonnyton House. They produced a report outlining the options available, explaining that the savings required could only be achieved by selling this service.

## REPORT

12. We agreed a 3 stage process with Grant Thornton as part of the procurement process:-
  1. Testing of the business cases – delivered in their report (IJB 7 October 2015)
  2. Testing the market
  3. Negotiating the sale with prospective operators
13. All parties recognised that whilst there was a reasonable prospect of a sale, a sale would be challenging to achieve; mainly due to the sector difficulties and pay rates and terms and conditions of the employees. As a consequence in order to manage costs we adopted a staged approach, namely:
  - **Stage 1 - initial marketing:** Christie & Co would identify a few parties who they considered were most likely to acquire the care home and approach these parties and gauge interest in potential acquisition.
  - **Stage 2 - full marketing:** If positive response, ERC would instruct preparation of marketing particulars and full marketing of Bonnyton House.
14. This approach allowed ERC to minimise costs of the exercise and only incur stage 2 costs if there was a good probability of success. Initial marketing commenced 10<sup>th</sup> January 2016.
15. Christie & Co confidentially approached a number of parties to ascertain if they were interested in acquiring Bonnyton House. These parties were selected on basis of ERC criteria of :
  - i. local operators with good reputations and
  - ii. strong financial position with the ability to fund an acquisition
16. Following feedback, we elected to proceed with marketing on basis of the interest expressed by a number of parties.
17. Full marketing commenced 10 March 2016 and full sales particulars were released to the market. Christie & Co sent details of the opportunity to 156 parties who they identified from their database (Christie & Co have disposed of over 95% of Care home sales in Scotland over the last 5 years and have a very strong knowledge of the marketplace).

18. Although no formal offers were received at the closing date of 29<sup>th</sup> April, subsequent offers have been received and we are in the process, through Christies and Grant Thornton of discussing proposals with interested parties. We have requested an up to date valuation from the District Valuer and anticipate that we will have this within the next two weeks.
19. It is encouraging that these offers have been received given that the care home market has experienced a downturn in recent months. In order to generate the best possible outcomes we are keen to explore a number of options with interested parties including potential for long term leasing arrangements as well as a direct purchase.
20. We anticipate being able to make recommendations to the IJB at its August meeting.

## **FINANCE AND EFFICIENCY**

21. The sale of Bonnyton is expected to save £600K per annum in 2017/18 and the Council contribution to the IJB by that amount in 2017/18.

## **CONSULTATION**

22. Families, residents' and staff have been consulted on a regular basis about the proposed changes. A meeting was held with staff on 18 May 2016 to update them and a communication to relatives was sent on 19 May 2016.

## **PARTNERSHIP WORKING**

23. We will continue to work with families, residents and staff as we implement the proposals for Bonnyton.

## **IMPLICATIONS OF THE PROPOSALS**

### Policy

24. None

### Staffing

25. As a result of the sale of the residential service, staff will be subject to a TUPE transfer to a new provider.
26. HSCP managers will work with trade unions to ensure staff are fully informed of any potential impact.

### Legal

27. Legal Services will provide advice to HSCP managers to ensure any legal issues arising from the proposal to sell Bonnyton House are appropriately considered and dealt with.

### Property

28. The building will be transferred to the new provider as a result of any sale of the service. HSCP managers will liaise with legal services and property services to ensure any issues are appropriately dealt with in the conditions of the sale.

### Equalities

29. The proposal to transfer the Bonnyton service to an alternative provider has a low equality impact as the care home residents would not require to move on. Concern has been raised during consultation on reduction of services to vulnerable people, however TUPE is considered to be the mitigating factor for staff and continuity of care. There are no minority ethnic residents or day care users of the current service.

### IT

30. None

## **CONCLUSIONS**

31. Discussions with interested parties are ongoing and we intend to bring recommendations to the August meeting of the IJB.

## **RECOMMENDATIONS**

32. Integration Joint Board members are asked to note the contents of this report.

## **REPORT AUTHOR AND PERSON TO CONTACT**

HSCP Chief Officer: Julie Murray

Frank White, Head of Health and Community Care

[frank.white@eastrenfrewshire.gov.uk](mailto:frank.white@eastrenfrewshire.gov.uk)

0141 577 3376

September 2015

## **BACKGROUND PAPERS**

IJB PAPER – 7 October 2015

<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=15378&p=0>

## **KEY WORDS**

Bonnyton; Grant Thornton; savings;

A report detailing the proposal to sell Bonnyton House residential service and to redesign the delivery of day opportunities to older people, to replace those delivered from Bonnyton House.