



DERBY CITY COUNCIL

ADULT SERVICES AND HEALTH COMMISSION

17 November 2008

Report of the Chair of Adult Services and Health Commission

Unit Cost of Residential Care

RECOMMENDATION

- 1.1 The Commission is asked to consider and comment on the increasing unit cost of providing residential care in council run care homes.

SUPPORTING INFORMATION

- 2.1 We currently have eight residential care homes in the City managed by the Council. These between them offer various types of provision including long term and short term stay. Coleridge House for example offers 12 high dependency units for the increasing numbers of people with dementia, requiring higher staff ratio compared with other homes whilst Perth House and Warwick House offer intermediate and short term care.
- 2.2 Budgets for each home vary as these are based on the size and type of provision offered. The table below shows the unit cost of provision at full occupancy and the standard 95% occupancy rates for each home.

Name of Home	Operational Budget £000's	Pooled Cost £000's	Other costs 12.50% £000's	Total Cost £000's	No of Beds	Unit Cost per week £	Unit Cost @95% Occup £
Arboretum	574545	21300	74481	670326	38	339.23	357.08
Arthur Neal	434398	14013	56051	504462	25	388.05	408.47
Bramblebrook	620873	22422	80412	723707	40	347.94	366.25
Coleridge House	784637	22422	100882	907941	40	436.51	459.48
Merrill House	607789	22422	78776	708987	40	340.86	358.8
Perth House	589524	20179	76213	685916	36	366.41	385.69
Raynesway House	537990	19619	69701	627310	35	344.68	362.82
Warwick House	508506	15695	65525	589726	28	405.03	426.35
Total	4658262	158072	602041	5418375	282	369.5	388.95

- 2.3 Council provision is generally considered to be more secure and offer value for money even though we place a higher proportion of our residents in the independent sector. Vacancy in our care homes fluctuate as some people move into high dependency settings or reach end of their natural lives and their places are filled by new occupants.

- 2.4 In July 2008 the Council Cabinet rescinded the decision of the previous administration and decided not to proceed with the closure of Bramblebrook House and instead agreed to review provision at all homes in the city. The Cabinet also resolved to consult on the closure of Arthur Neal with view to replacing it with Extra Care facilities.
- 2.5 The decision to start a consultation exercise on all the homes has in my view created uncertainty among future users and it discourages prospective user from taking up provision in our homes. This has led to increases in vacancies thereby increasing unit costs and making our homes less competitive and offering lower value for money than the independent sector. The weekly unit costs of all homes except Arboretum house have all increased. The unit cost at Warwick House for example has gone up from £405 per week to £667 whilst Perth House has increased from £366 to £507 per week.
- 2.6 This confusion appears to have impacted on vacancy levels in our homes. The occupancy rates in some homes have fallen below 80%. The Commission needs to consider the opportunity cost to the council of operating with so many un-occupied beds and express a view as to how this waste in resources may be minimised.
- 2.7 The Commission is asked to consider and comment on the approach taken by the Cabinet in creating uncertainty for potential users and thereby increasing vacancies in our homes. This decision has reduced efficiency of homes and increased pressure on the Council to close further homes.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Bed Occupancy and Unit costs

IMPLICATIONS

Financial

- 1.1 Existing resources could be deployed more effectively by adjusting surplus supply to reflect current demand patterns.

Legal

- 2.1 None directly arising.

Personnel

- 3.1 None directly arising.

Equalities Impact

- 4.1 None directly arising.

Corporate Priorities

- 5.1 The report accords with the corporate priorities of helping us all to be healthy, active and independent and also giving excellent services and value for money.

Bed Occupancy and Unit Cost of In-house Residential Care Provision

Home	Number of beds	Total annual running costs £	Unit Costs £/week	Beds Occupied 8 Jul 08	Unit Cost at 8 Jul 08	Beds Occupied 10 August 08	Unit Cost at 10 Aug 08	Beds Occupied 8 Oct 08	Unit Cost at 8 Oct 08
Arboretum House	38	670326	339.23	25	515.64	29	444.51	38	339.23
Arthur Neal House	25	504462	388.05	20	485.06	21	461.96	20	485.06
Bramblebrook	40	723707	347.94	20	695.87	24	579.89	33	421.74
Coleridge House	40	907941	436.51	33	529.10	35	498.87	37	471.90
Merrill	40	708987	340.86	26	524.40	28	486.94	30	454.48
Perth House	36	685916	366.41	25	527.63	32	412.21	26	507.33
Raynesway View	35	627310	344.68	27	446.80	20	603.18	34	354.81
Warwick	28	589726	405.03	26	436.19	22	515.49	17	667.11
Total 8 homes	282	5418375	369.50	202	515.84	211	493.84	235	443.40