

Wiltshire Council

Cabinet Capital Assets Committee

14 September 2011

Subject: Coombe End Court, Marlborough

**Cabinet Member: Councillor John Thomson
Adult Care, Communities and Housing**

Key Decision: Yes

Executive Summary

This report seeks approval to sell the Coombe End Court site and associated land at the front of the property to The Orders of St John Care Trust (OSJCT) to enable them to build a 16 bed nursing extension for people with dementia. This development would provide much needed, fit for purpose and modern facilities to provide for the older population within Marlborough and the surrounding community. Furthermore, it would also remove any contingent liability resulting from the outstanding construction debt for the Council in the unlikely event that the care services contract be terminated.

These proposals have been developed over a number of years through discussion with both parties. The Older People Accommodation Strategy identified a need in Marlborough for additional places for people with dementia requiring nursing care, however, due to funding constraints, OSJCT were unable to progress with this proposal until now.

In 1999 / 2000, the Council outsourced the management and operation of its 18 care homes to OSJCT. Coombe End House in Marlborough was excluded from this arrangement due to its need for imminent redevelopment in order to maintain its registered status with the Commission for Social Care Inspection (CSCI), now the Care Quality Commission (CQC). A separate tender exercise was conducted for the redevelopment of this care home, and OSJCT were appointed as the successful developer and operator following this competitive process subsequently building a 60 bed residential home, including a 20 bed specialist wing for people suffering with dementia.

Proposals

Members are asked to:

- a. approve the sale of the Coombe End Court site and associated land at the front of the property to The Orders of St John Care Trust (OSJCT) for the provision of a nursing wing extension for people with dementia;

- b. delegate authority to the Corporate Director for Community Services, in consultation with the Cabinet Member for Adult Care, Communities and Housing to agree a price for the site following independent valuation and
- c. consider allocating the capital receipt from the sale of Coombe End Court to the Adult Social Care capital budget

Reasons for Proposal

The land at the front of the Coombe End Court site will provide the necessary land for delivery of the additional facilities outlined in the Older People Development Strategy and the sale of the site to OSJCT would enable this development to be progressed given the funding constraints.

Through the development of the site, the residents of Marlborough would benefit from the provision of a new 16 bed nursing extension for people suffering from dementia, which has been identified as a growing requirement due to the demographic projections. Additionally, this development would improve choice and control for older people.

Sue Redmond
Corporate Director of Community Services

Wiltshire Council

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Purpose of Report

1. Approve the sale of the Coombe End Court site and associated land at the front of the property to The Orders of St John Care Trust (OSJCT) for the provision of a nursing wing extension for people with dementia.
2. To delegate authority to the Corporate Director for Community Services, in consultation with the Cabinet Member for Community Services, to agree a price for the site following independent valuation.
3. Consider allocating the capital receipt from the sale of Coombe End Court to the Adult Social Care capital budget

Background

4. In 1999 / 2000, the Council outsourced the management and operation of its 18 care homes to OSJCT. Coombe End House in Marlborough was excluded from this arrangement due to its need for imminent redevelopment in order to maintain its registered status with the Commission for Social Care Inspection (CSCI), now the Care Quality Commission (CQC). A separate tender exercise was conducted for the redevelopment of this care home, and OSJCT were appointed as the successful developer and operator following this competitive process.
5. OSJCT constructed a 60 bed residential care home, Coombe End Court, on the site. This facility is able to cater for a range of dependencies including residential standard and residential enhanced categorisations. It also provided a 20 bed specialist residential dementia care wing and day care facilities.
6. The site was leased to OSJCT on a 125 year lease and rent was payable to the Council on an open market basis during this term. There were also contingent liabilities built into the service contract that provided for OSJCT's outstanding construction costs to be repaid by the Council in the

event that the service contract was terminated earlier than the intended 125 year duration.

7. Following the tendering process OSJCT indicated that it would wish to purchase an area of land at the front of the site extending to approximately 0.095 hectares (0.234 acres). The land was valued and a price agreed between the parties. This agreement did not form part of the main development or service contract; instead it was covered through a side letter. In January 2004, Cabinet approved the sale of the land to OSJCT.
8. Once the redevelopment of the care home had been completed, OSJCT revisited the proposals and identified a better use of the land at the front which would benefit the services already provided and compliment the emerging needs of the surrounding community in Marlborough. Due to financial constraints they were unable to progress the development without the freehold of the land to provide collateral against the required financing, therefore at the present time, the land at the front of the site remains in the Council's ownership and control.

Main Considerations for the Council

9. OSJCT have submitted a proposal to the Council for the construction of an extension to the existing care home to provide additional specialist dementia care for people with nursing needs. Furthermore, these additional beds would serve the whole community enabling people who fund their own care and those funded through the Council to receive the care they need.
10. According to population projection data collected for the Accommodation Strategy for Older People report which was completed in 2007, the 65-74 age group population in Marlborough will increase by 45% between 2007 and 2026. The 75-84 age group will increase by 70.8% and the 85+ age group will increase by 75.8% across the same time period. This is illustrated in the following table.

	65-74	75-84	85+
2007	2,110	1,300	620
% Change to 2012	18.0	10.0	14.5
2012	2,490	1,430	710
% Change 2012 to 2016	12.4	9.8	11.3
2016	2,800	1,570	790
% Change 2016 to 2026	9.3	41.4	38.0
2026	3,060	2,220	1,090
% Change 2007 to 2026	45.0	70.8	75.8

11. Furthermore, the number of people aged 50+ with dementia in Marlborough will increase by 66% between 2007 and 2026. This is illustrated in the following table.

2007	347
% Change to 2012	12.4

2012	390
% Change 2012 to 2016	11.3
2016	434
% Change 2016 to 2026	32.7
2026	576
% Change 2007 to 2026	66

12. More recent population projections show that these initial figures were underestimated by approximately 26%.
13. Due to the significant increase in older people with dementia in the Marlborough areas, it is recommended that the new 16-bed extension provides nursing care for older people with dementia in order to meet the projected demand in the future.
14. The Council would recommend that the facility provide care for people who are able to fund their own care as well as those that are supported by the Council. The Council would purchase approximately 7 places in the new extension, resulting in the remaining 9 being available for self funders.
15. The Council currently purchases 40 beds from Coombe End Court comprising of residential standard, residential enhanced and specialist residential for people with dementia. It is proposed that the additional 7 nursing beds for people with dementia would be procured within the existing 40 bed quota, although the number of standard and enhanced residential placements would decrease as a result.
16. In order for the extension to be built, it is proposed that the land at the front of the property would be subsumed within the site boundaries and become part of Coombe End Court.
17. OSJCT are unable to secure the necessary funding to progress this proposal unless the freehold of the site is sold. This is due to funding restrictions which would require that OSJCT had some collateral in the form of land or buildings that could be secured against any financing for the development.
18. The additional nursing wing for people for dementia was outlined in the Older People Development Strategy to meet the current and future need for specialist provision. The sale of the freehold of the land to OSJCT is currently the only way to progress these proposals in the current economic climate.

Environmental and Climate Change Considerations

19. The new building will conform to the enhanced sustainable building regulations that came into force in October 2010 and it is anticipated the design will achieve a BRE Environmental Assessment Method (BREEAM) rating of at least 'very good'. OSJCT will be encouraged to take a green approach to energy and water use, considering energy efficiency, renewable energy technology and Carbon Reduction Commitment,

thereby maximising savings in lifetime operating costs and carbon emissions. As this building will be owned by OSJCT, the Council will not be responsible for purchasing CRC allowances for the site. However, it will be included in the carbon management plan footprint which is aiming to reduce emissions by 20% by 2014 with the aspiration of a 50% reduction by 2020.

20. Due consideration will also be given to climate change adaptation, for example through natural ventilation and tree planting, to future-proof the building design in a changing environment.
21. A Transport Strategy will be developed following approval for this development. The Coombe End Court site is an established building within the area with reasonable public transport links.
22. It is acknowledged that the very old, chronically ill and poor are amongst the groups most vulnerable to predicted climate change and risk of “fuel poverty”. The provision of accommodation for older people will take this into account by ensuring that buildings are not only built to the required Code Level 4 / Code Level 6, but they will also include relevant climate change adaptation features.

Equalities Impact of the Proposal

23. The development of these facilities would promote independence, choice and control for older people and would offer opportunities for greater community engagement, involvement and inclusion in purpose built accommodation.
24. The development of these facilities would also have a positive impact for people who will develop care needs in the future as it will enhance choice for people when choosing their care provision.

Risk Assessment

25. A number of key risks have been identified in relation to this site and associated proposed development.
26. The primary risk is that through the sale of the land, the Council would lose control over the operation of the care facility which could result in the site being utilised for alternative purposes. The contractual relationship between the Council and OSJCT should address this risk as there is a requirement to provide facilities and OSJCT are committed to providing care to the people of Wiltshire.
27. There is a risk that if these proposals are rejected and the nursing wing extension is not progressed there will not be enough specialist placements to meet the needs of the community of Marlborough.
28. There is a risk that if these proposals are rejected that the care services contract could be terminated and the Council assumes responsibility for the contingent liability of the care home and extension construction costs.

29. Another risk inherent in this proposal is whether there is sufficient demand within the market to occupy another 16 bed facility within Marlborough. The Council believes that there is sufficient demand, which has been illustrated through the population and dementia projection data that was obtained from the Accommodation Strategy for Older People. Provided that the facility provides care for dementia sufferers, the likelihood of the facility generating insufficient placements to remain financially viable is extremely slim. Furthermore, by maintaining a balance of Council funded and self funding clients, the facility will be able to capture interest from all aspects of the market.

Financial Implications

30. The purchase price for the site will be agreed following valuation which has been requested through OSJCT.
31. The existing lease for the site will continue, with OSJCT being liable for all commitments there-under, until completion of the sale.
32. Following the sale of the site, the Council will lose the rental income currently payable on the site.
33. Each party will be responsible for their own legal fees in relation to the sale.
34. The additional 7 beds would be procured within the existing 40 bed quota currently purchased from the home. The implications of this are being addressed as part of the renegotiation of the contract with OSJCT.

Legal Implications

35. The existing contract with OSJCT for the Coombe End Court site would require amendment to remove the contingent liability and the lease terminated.

Options Considered

Do Nothing

36. The Council could reject the proposal to build a new extension to the care home and choose not to do anything with the identified land at the front of the property. Currently the land at the front of the property is being maintained by OSJCT through goodwill. Rejecting the proposals could result in this land becoming a maintenance liability for the Council which would have its own financial implications.
37. If the proposed extension is not built, then the demand for additional specialist nursing provision for people with dementia within the Marlborough area would not be met.
38. For these reasons, this option has been discounted.

Proceed with the Extension on a Leasehold Basis

39. The new extension for specialist nursing provision for people with dementia would enable the Council to meet an increasing demand for this type of placements within Wiltshire. It would also contribute to the delivery of the Older People Accommodation Development Strategy, which was approved in January 2011. Through continuing to lease the land to OSJCT, the Council would receive an increased rental income on the property which helps to fund the care home placements and ensure that they remain financially affordable for the Council.
40. The primary disadvantage of this option is that the financial risk to the Council would increase as a result of the heightened contingent liability. Furthermore due to funding constraints in the current market OSJCT would be unable to secure sufficient capital investment to progress this extension on a leasehold basis; therefore this option has been discounted.

Sell the Freehold of the Entire Site

41. The Council could sell the freehold of the entire site, including the land at the front of the property, to OSJCT to enable them to proceed with the care home extension.
42. In this instance, the Council could realise a capital receipt that could be ring-fenced, subject to Members approval, to the Adult Social Care capital budget to further progress its accommodation programme. Furthermore, the Council would not be obliged to repay the contingent liabilities in the event that the care services contract was terminated. Instead, they would have the right, to purchase the care home at market value compared to an obligation to pay OSJCT's outstanding construction cost loans.
43. The purchase price will be agreed following the receipt of the valuation report commissioned by OSJCT.
44. In the event that the Council sold the freehold of Coombe End Court to OSJCT, it would lose the income stream generated from the lease which is utilised by the Department of Community Services to help fund the cost of care home placements. However, through its contract renegotiations and the Help to Live at Home programme, this impact would be minimised.

Sell the Freehold of the Site to the Front of the Property

45. The Council could offer to sell the freehold of the land at the front of the property on the open market.
46. In addition to the poor state of the property market, there are doubts as to whether planning consent for residential development could be secured due to the proximity of the care home, together with the high cost of protecting the archaeological finds within the site. Therefore, this option is not recommended.

Conclusions

47. Through the development of this site, the residents of Marlborough would benefit from the provision of a new 16 bed nursing extension for people suffering from dementia, which has been identified as a growing requirement due to the demographic projections. Additionally, this development would improve choice and control for older people.

Sue Redmond
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Background Papers

The following unpublished documents have been relied on in the preparation of this report: NONE

Appendices - Confidential Valuation Information (part 2)