



Executive
15 March 2010

**Report from the Director of
Housing and Community Care**

Wards affected:
Mapesbury

**Authority to proceed with refurbishment of 8 St Gabriel's
Road and 170A Walm Lane NW2**

Forward Plan Ref: H&CC-09/10-21

1.0 Summary

- 1.1 This report asks the Executive for authority to proceed with the refurbishment and modernisation of two Council owned properties at 8 St Gabriel's Road NW2 and 170A Walm Lane NW2. This project is one of the work streams contained in Adult Social Care's Transformation Gold Project.

2.0 Recommendations

This report asks the Executive to:

- 2.1 Approve the refurbishment and modernisation of two Council owned properties at 8 St Gabriel's Road NW2 and 170 Walm Lane NW2 for the delivery of services and accommodation to service users with mental health needs.
- 2.2 Approve the use of the Adult Social Care Single Capital Pot for 2009/10 and 2010/11 for the works and professional fees required to refurbish the properties described in paragraph 2.1.

3.0 Detail

- 3.1 The two properties 8 St Gabriel's Rd and 170A Walm Lane are owned by the Council and were originally developed to provide assisted living for people with severe and enduring mental health problems who would otherwise be inappropriately accommodated in residential care.

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- 3.2 8 St Gabriel's Rd and 170A Walm Lane were closed in September 2006 as a result of an in-depth service review, which identified the need for these accommodation based services to be reconfigured to better meet the requirements of service users with severe and enduring mental illness. Parallel to the internal service review, various reports identified the negative economic and social costs of the Borough's reliance on spot purchased placements as a result of a lack of appropriate internal provision. Feasibility studies have been carried out on both properties. These have resulted in proposals to remodel 8 St Gabriel's Road from a 5 bedroom shared house into 4 self contained units to provide 24 hour high support to service users, and to remodel the 3 bedded flat at 170A Walm Lane, into either 2 disability adapted flats or a large 2 bedroom disability adapted flat.
- 3.3 The remodelled service will enable the Council to provide a high support alternative to residential care placements, that are focused on ensuring that service users will be assessed for suitability through a planned assessment process that will focus on individual needs and promoting choice and control to gain independent living skills and move to lower support and lower cost service as part of a planned process rehabilitation and recovery.
- 3.4 It is proposed that by remodelling and modernising the buildings and services to provide the type of accommodation service users require to meet their needs, the Borough will reduce spot purchased placements and thus decrease the level of revenue funding required year on year for such placements. This proposal will also provide improved and more personalised services that will increase service users' recovery and satisfaction with the accommodation and support they receive. It is further proposed that combining the remodelling of St Gabriel's with that of 170A Walm Lane will result in additional savings without a significant increase in running costs, or loss of capital receipt to the Council.
- 3.5 The properties were on the Council's asset disposal list, however the Council's Capital Board, at its meeting of 2nd October 2009 approved a business case, on an invest to save basis, to retain the properties and remodel them. 8 St Gabriel's Rd is in a deteriorating condition, and would require further capital investment before being sold if it were to achieve best price in today's market. The business case identified year on year revenue savings to the Council's Adult Placement budget, that could be achieved through remodelling and re-using the buildings to better meet the Council and individual service user's needs.
- 3.6 Both buildings have planning permission for this client group and have been used for mental health services for some years. If these properties are not brought back into use there is a risk of further deterioration to the buildings. The Council will also need to access alternative properties and / or services in order to fulfil its statutory duties to this client group. This is likely to incur costs which would be at least the equivalent of any capital receipt received by the sale of these two properties. In addition the Council will continue to incur placement costs until such replacement units are secured.

- 3.7 If the properties are sold the forecast capital receipt has been estimated at £500k. If a sale were pursued the derived capital receipts would support the overall capital programme expenditure unless earmarked by the Executive against the costs of providing alternative properties for provision of the service. It would be unlikely however that, if a suitable alternative property could be located, planning approval for a change of use to enable the Council to develop a new mental health service would be achieved, due to likely local resident's opposition to such a proposal.
- 3.8 The proposal to remodel the buildings requires a capital investment of approximately £600k (for both services, including fees). The required Capital funding of £600k for the refurbishment has been secured through the Adult Social Care Single Capital Pot (SCP) allocation for 2009/10 and 2010/11.
- 3.9 We expect the remodelled service to generate a net saving of between £124k and £202k per year (see paragraph 4.1) in revenue savings to the Adult Social Care Placements budget, once the costs of running the remodelled service are taken into account
- 3.10 These running costs are set out below:

Costs of new service	Yr 1 £	Yr 2 £	Yr 3 £
St Gabriels Rd	221k,	202k	202k
Walm Lane	39k	34k	34k
TOTAL	260k	236k	236k

Cost of current service	Yr 1 £	Yr 2 £	Yr 3 £
Placement budget	263k	263k	263k
Rent and service charges	97k	97k	97k
TOTAL	360k	360k	360k

Net Savings	Yr 1 £	Yr 2 £	Yr 3 £
	100k	124k	124k

These figures demonstrate that a net saving of £100k can be achieved in the first year and that thereafter year on year net savings of £124k will accrue to the Council's Adult Social Care Placements budget.

- 3.11 The ongoing revenue expenditure needed to run the new services is set out in the table below at paragraph 3.12. For the first year additional expenditure will be incurred in recruiting the staff team and equipping each unit of accommodation. From year two the expenditure will be £236k.

- 3.12 The remodelled service will also result in substantial improvements in the Council's building stock, and assist in providing modern services in modern buildings that are fit for purpose and meet need. We have a number of people placed inappropriately in residential care who could achieve greater independence and an improvement in their mental health with the provision of such a service.

Item	Yr 1	Yr 2	Yr 3
Recruitment Cost	£14k	0	0
Support service costs: 5 staff (based on mid point of pay scale & on costs) 1 senior manager (PO1) 4 support workers (scale 6)	£158k	£158k	£158k
Non Pay includes building maintenance and management st Gabriels & for Walm Lane	£36k	£36k	£36K
utilities/running costs	£34k	£34k	£34k
One off setting up costs	£8k	£8k	£8k
	£10k		
Total	£260k	£236k	£236k

Property Management will be carried out by a Council appointed support service provider.

4.0 Financial Implications

- 4.1 The average cost of placements in residential care for this client group is £825 per week per user, but can be as much as £1200 per week, for people with disabilities the average weekly cost of residential placements is £880 per week. For the 6 individuals to be placed in the remodelled services the average annual cost of a current placement (based on £825 per week for mental health and £880 per week for disabilities) is £263k. Providing the required support through the remodelled service would cost £236k (after the first year), £97k of these costs are levied as rent and service charges and lead to an overall saving of £124k as illustrated in 3.9 above to the Adult Social care Placement Budget. If individuals in higher cost placements are supported by the remodelled service the savings could potentially be £202k per year (based on placement costs of £1,200 per week for 4 service users).
- 4.2 It is proposed that the savings made by bringing these two buildings back into use will save the Council between £124k and £202k per year while providing a much improved asset and a higher quality service to local residents, that is in line with the Council's strategic objectives of personalisation, choice and independence. The estimated saving of between £124 and £202k per annum

will contribute towards the Adult Social Care savings target agreed in the budget process.

- 4.3 The estimated cost of the proposed remodelling of St Gabriel's is £325,000 and that of remodelling 170A Walm Lane is approximately £171,000 with fees added the total cost of the works has been estimated at £600,000. Funding for these works is available from the Social Care Single Capital Pot, and remodelling will lead to year on year revenue savings to the Council as set out in section 3 and 4.1& 4.2 above. The Council would also still retain the asset of both buildings and these will have been refurbished to meet modern standards and as flats could realise a greater capital receipt, if sold in the future, than as a single family dwelling.
- 4.4 The required capital expenditure can be funded through the Adult Social Care Single Capital Pot which has been allocated at £311,000 and £310,000 in 2009/10 and 2010/11 respectively. This Single Capital Pot is included within the Council's capital programme for Adult Social Care (for 2009/10 and 2010/11) and is not currently allocated to any specific projects. In order to reflect the proposed scheme timescale, laid down in paragraph 4.5 below, it will be necessary to re-phase the £311,000 funding for 2009/10 to 2010/11, which is allowed within the criteria of the grant allocation.
- 4.5 If the proposal to remodel and the request for capital is agreed as set out in this report the timescale for achieving the remodelling would be as follows:

Executive Decision finalised	April 2010
Planning for change of use from Shared to self-contained for St Gabriel's and for external ramp to Walm Lane	April 2010 – Aug 2010
Tender for Contractors to carry out work	Aug 2010 – Oct 2010
Start on site	November 2010
Completion of works:	
St Gabriels (20 weeks)	May 2011
Walm Lane (12 weeks)	March 2011

The on going revenue requirements would therefore commence in March 2011 at the earliest.

5.0 Legal Implications

- 5.1 This report is requesting Executive approval in relation to a scheme to refurbish two properties which will then be used to accommodate service users with mental health needs. This matter requires Executive approval because the proposed capital funding is not currently allocated to this scheme within the Adult Social Care capital programme. This is in line with Financial Regulation 3.1.7 which requires that "Until approval of the Executive is

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granted there is no authority to incur expenditure on capital schemes other than those costs involved in preparing the scheme and its estimate”.

- 5.2 Following this Executive approval, this scheme will need to be designed. If architects or a project manager / contract administrator are required then this can be done through the Council’s Property Services framework or through a quotation process, depending on value. A works contract will then need to be tendered in accordance with Contract Standing Orders. The tendering of this works contract does not require specific Executive approval under Standing Order 88, because for works contracts this is only required for contracts exceeding £1m in value. The works contract will also be below the EU threshold for works, so there is no need to comply with the European public procurement regime.

6.0 Diversity Implications

- 6.1 The refurbished service will provide improved quality of service for people with mental health needs and an additional 1 or 2 fully disabled access units to meet the needs of people with physical disabilities in Brent. An Equalities Impact Assessment will be carried out in relation to this new service.
- 6.2 The new services will be required to have in place equality policies and action plans and to provide fair access to the service to all members of Brent’s diverse communities who meet the eligibility criteria. The new services at 8 St Gabriel’s and 170A Walm Lane will require providers to deliver services which are culturally sensitive by providing cultural awareness training for all staff, matching specific language requirements where possible and recruiting a local workforce which reflects the communities of Brent.

Background Papers

Feasibility Report 170A Walm Lane NW2
Feasibility Report 8 St Gabriels Rd NW2
Capital Board Report – Business Case for the Remodelling of 8 St Gabriel’s Rd and 170 Walm Lane NW2 (2nd October 2009)

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