

Costs of 14 Intermediate Care Beds in Chipping Norton

Agreement reached with Orders of St. John in 2011

1. This was the arrangement agreed by the Oxfordshire Joint Health and Overview Committee in which intermediate care beds would be provided as part of the new Henry Cornish care home but staffed by NHS nurses seconded to the Orders of St. John. This arrangement was to be reviewed after 3 years.
2. The price agreed with the Orders of St. John and reflected in the Deed to the main County Council contract was £966,482 per year for the 14 intermediate care beds at Chipping Norton. This is an average bed price of £1,323 per week.
3. This is the amount of money that the County Council has for the provision of intermediate care in Chipping Norton. In discussions last year, an alternative approach was discussed. One of the principles supporting that approach was that the cost of any new arrangements must be within the current cost of the service. From the County Council's perspective that is £966,482 or £1,323 per week.
4. The County Council were unaware that the cost of those beds was being subsidised from a balance of £750,000 which had been made available by the former Primary Care Trust. This lump sum has been contributing approximately £100,000 per year in recent years. This is effectively a subsidy of just under £140 per week, so that the real cost is approximately £1,460 per week. That lump sum has fallen steadily since it was first established in 2011 and is now less than £250,000. It will disappear completely in the next 3 years.

Cost of continuing with the current arrangements

5. The review agreed at the end of the 3 year period concluded with an alternative arrangement which has been implemented over the last year. As the public statement explains neither the Orders of St. John nor Oxford Health think these arrangements are tenable going forward.
6. The proposed costs put forward by Oxford Health and the Orders of St. John are £1,298,000 per year - £1,777 per week. Those costs create two significant problems. Firstly, they would require additional spending of £332,000 per year (once the lump sum is used up). This additional investment would be required at a time when we face huge pressures on the Older People pooled budget. It would require savings to be made from other services and it will require a public decision by the Older People Joint Management Group. Secondly, it is difficult to justify the investment as good use of public resources given that the bed price would be more than double the cost of intermediate care beds of similar quality elsewhere in Oxfordshire.

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7. The breakdown of those costs was as follows:

	£000
Unit Staffing	705
Staff non pay	10
Drugs	60
Unit non pay	50
Legal costs	5
OSJ Charges	350
Indirect and overhead costs	118
TOTAL	1,298

8. Total costs of £1,298,000 a year work out at £1,777 a week for each bed in contrast to the £823 a week for each intermediate care bed that we purchase from the Orders of St. John in their Isis care home in Oxford.
9. We haven't gone through these figures in detail, but the key differences relate to the three elements in the table which exceed £100,000 per annum. The staffing costs on their own come to £966/week – £143/week more than the total amount we pay for the beds in Isis. This will reflect a number of issues. The most significant will be the terms and conditions of NHS staff compared with those employed by the Orders of St. John. We also believe that Oxford Health's staffing structures are more reliant on nurses than health care assistants. It is important to note that intermediate care is primarily about reabling and rehabilitating people, which requires personal care and therapy input rather than continuous nursing input.
10. The other costs relate to the overheads involved with the two organisations. Oxford Health have included costs of £118,000 per annum to reflect the clinical supervision of a unit, which is some distance away from their other activities.
11. The costs charged by the Orders of St. John are even higher, but it is important that we remember the physical configuration of the site. The 14 beds are accommodated within a care home. Care homes operate at their most efficient if there are around 50 beds. In the case of Henry Cornish House this is a 50 bed home, but 14 of them are used for intermediate care. The Orders of St. John paid for the cost of building the home and have to pay for costs associated with the building – utility costs, etc. However, the significant cost is they need to get a return on those 14 beds to reflect the total costs of the building as a whole.

Costs of other intermediate care beds elsewhere in Oxfordshire

12. There are a number of other providers of intermediate care in Oxfordshire. However, the most relevant comparison with the costs in Chipping Norton are the 20 intermediate care beds in the Isis Care Home in Oxford. This is also run by the Orders of St. John. The outcomes for patients are no different between the two services. However, the costs of a bed in Oxford are £823 a week less than half the proposed cost of the current arrangements in Chipping Norton.