

## FINANCIAL IMPACT OF OPTIONS REGARDING SHERD & THE OAKS

1. The original proposal to close the Sherd Lodge building would realise anticipated in year savings are in the region of £395,000, based on the current staffing and income levels. These figures are based upon the current estimated cost of providing care at Sherd Lodge during the period to 1<sup>st</sup> December of £2,650 per bed per week, which includes an income contribution received from the NHS use of beds at a rate of £750 per bed per week, up to the end of December when the existing contract expires
2. The weekly cost per bed during this period up to December compares with the current average weekly cost per bed per week of between £446-£490 in the Private & Voluntary Sector
3. The in year potential for saving reduces with the new proposed closure date of 31<sup>st</sup> March. Using existing forecast staffing levels and assuming no further contract with the NHS for rehabilitation beds could be achieved the potential in years benefits to the council reduce to £170,000
4. The cost per bed will rise to a cost in excess of £4,200 per week by the end of March. To run the Home for each additional month at registration required current staffing levels costs around £55,000. This is a significant problem if by 31 March 2010 the home continues to remain open as there is no provision in the 2010/11 for ongoing costs for Sherd Lodge. Even continuing to run the Home for one or two residents requires a minimum of two staff and Team Leader at all times and so would cost around £40,000 a month.
5. All these financial implications are summarised in the table below: -

Area	Amount (£)
Original expected saving in 2009/10	Zero
Expected saving in 2009/10 with income for rehabilitation beds and closure on 31 March 2010	225,000
Expected saving in 2009/10 with closure on 31 March 2010 and no income for rehabilitation beds	165,000
Cost per month of running Sherd Lodge if current staffing continues after 31 March 2010	Around £55,000 per month
Cost per month of running Sherd Lodge with a reduction in staffing to support one or two residents after 31 March 2010	Around £40,000 per month

6. Efforts have already been made to secure jobs within LBC facilities for those staff within Sherd Lodge who wished to move in advance of any formal decision. All staffing vacancies within the service have been 'frozen' and have been back-filled using Agency staff to minimise any potential future redundancy requirement. As at 27 August 6 care staff and 4 ancillary staff had yet to secure alternative posts within LBC. Discussions are ongoing with other staff and a number of vacancies exist elsewhere in Adult Social Care. Given this situation, the redundancy cost is estimated to not exceed £314k. This level of payment would only be required in the extremely unlikely event that no further suitable vacancies were matched to redeployees.
7. Members should be aware that a small number of temporary staff who have taken on vacancies since the budget was agreed will have been in post for over 12 months by February 2010 and will become 'permanent' employees and thus entitled to redundancy payments
8. Currently no budget provision has been made in 2010-11 to operate Sherd Lodge. There will be an unbudgeted pressure to cover the security costs of the site until the building is disposed of.
9. There will be over £600,000 worth of maintenance required within the following 2 years to prevent serious deterioration to the fabric of the building and to ensure Sherd Lodge does not breach health and safety legislation.