

MAGDALEN & LASHER CHARITY OLD HASTINGS HOUSE CIO BUSINESS PLAN 2016

Overview:

Financial Objectives:

In providing the local community with residential care services to a high standard, Old Hastings House CIO aims to cover its running costs through fees. A small surplus is budgeted for on prudential grounds. This and any income which exceeds these requirements is placed in a strategic reserve account held with the Charities Official Investment Fund. The Charity does not make a charge to residents to cover the cost of capital tied up in Old Hastings House. In other words fees cover running costs only and no element for rent is included in the fees.

Fee Policy:

Fees are set with these financial objectives in mind. In consequence fees charged by Old Hastings House will be at the lower end of the range of fees charged by comparable local residential care homes. A survey of comparators will be carried out from time to time to check that this is the case. With the exception that a higher level of fee *may* be levied where a higher level of care is required, it is the policy of Old Hastings House that there will be a uniform level of service provided to each resident, regardless of whether funding is from a public or private source. It is the intention that the standard fee should be the same throughout the home, again regardless of whether the funding is from a private or public source. The vagaries of public funding, however, may result in discrepancies arising from time to time and at present this objective is aspirational.

Provision of Higher Care:

The Magdalen Higher Care Suite opened in September 2011. The Suite caters for residents with mental health issues who do not require nursing care. It is fully occupied and there is a waiting list. As the staff have gained experience in caring for those with impaired mental capacity, more refined approaches to looking after the residents have been developed and training has extended and deepened care skills, including those of leadership. The relationship between the work of the Charity in the main House and the Higher Care Suite is kept under review in the light of experience, particularly in view of the trend of increasing physical and mental frailty of new residents on admission. Fees in the Magdalen Suite reflect the higher care provided, but still represent good value for money in the local market. The Trustees have reached an accommodation with ESCC and provide

services to publicly funded residents in the Higher Care Suite at a significant cash loss to the Charity.

Remuneration:

By far the largest element in the cash-flows out of the business is staff remuneration. Great attention is consequently paid to achieving a close match between the supply and demand for staff numbers and to achieving a tight but effective management structure. It is not the policy of Old Hastings House CIO to pay staff the lowest possible rates. Our levels of remuneration reflect the belief that contented and well-motivated staff who identify with the interests of Old Hastings House result in high levels of performance and low levels of staff turnover. We validate the level of our pay rates by means of an informal annual survey of the rates paid in a number of other local care homes in the area. It is also the intention that all care staff will be appropriately qualified. To this end all vocational training is organised and funded by the management according to an annual Training Plan and acquisition of a relevant qualification is recognised by a pay increment. All staff are eligible for an incentive scheme which recognises individual high quality contributions to the work of Old Hastings House. The senior staff may qualify for an annual performance bonus which is dependent on three factors in addition to their own personal performance: 1) achieving financial targets as set down in the budget, 2) securing the satisfaction of the residents as measured by the six-monthly survey and 3) maintaining full compliance with fundamental standards and (when operational) achieving a level one rating by the CQC and ESCC “Preferred Provider” status. Staff are eligible to join group membership of the Benenden Healthcare scheme as an employee benefit funded by Old Hastings House. Old Hastings House CIO offers a matched contribution of up to 6% of salary towards a stakeholder pension to all staff. There is a non-contributory death-in-harness insurance policy with a benefit of 1½ x salary.

Other outgoings:

There is a constant effort to identify the most efficient and cost-effective way of carrying out the activities involved in running Old Hastings House. All activities are subject to regular scrutiny to establish whether they are necessary and all contracts are subject to regular review, with the objective of reducing costs to a minimum whilst maintaining high standards.

Maintenance and Improvements:

It is the policy of Old Hastings House CIO to maintain the fabric of the building to a high standard and to have a rolling programme of investment in renewing and

upgrading existing facilities and services and in providing new ones. There is an annual maintenance and works plan which feeds into the budget.

Relationship with Magdalen & Lasher Charity:

Old Hastings House CIO is now separate from the Magdalen & Lasher Charity. Since January 1 2015 it has become an independent incorporated entity which owns and operates Old Hastings House under a Scheme approved by the Charity Commission, which regulates the Charity. The relationship between the Magdalen & Lasher Charity and Old Hastings House CIO is still close. Trustees of one charity are also trustees of the other and the two charities share administrative staff and offices.

Financial Planning:

Each March the Management Committee, which consists of four Trustees of the Charity plus the Manager and the Administrator, sets a budget for the coming year. There are standard items which are factored into the budget. These include an assumption of occupancy rates, and decisions on staff pay rates and residents' fee rates. Increases in fee rates have been capped each April at the RPI(X) rate of the previous December. The main determinant of fee changes in 2016, however, has been the introduction of the first stage of the national living wage and its knock-on effects throughout the pay structure. This is likely to be a significant factor in future years until 2020 when the final stage is due to be implemented. Costed plans relating to training and maintenance and improvements are also fed into the budget, as are provisions for contingency and a strategic reserve.

Financial Control:

Management accounts are submitted to each meeting of the Management Committee. Nine meetings of the Committee are scheduled each year. All variations against budget are examined and any steps necessary to get back on budget are taken. A strategic reserve fund is being accumulated in order for Old Hastings House CIO to have the capacity to absorb any unforeseen financial shocks without recourse to external funds. It is the intention to build it up until it reaches the equivalent of between three and six months' expenditure. This total will be kept under review. The reserve was drawn upon as part of the funding of the development of the EMI extension and has been rebuilt subsequently.

Treasury Policy:

Because of mismatches in cash-flows in and out it is necessary for Old Hastings House to have a minimum balance of £60,000 in its current account at the beginning of each month. Any sum significantly in excess of £60,000 is placed in an instant access investment account (the OHH Revenue Reserve Account). There is a standing instant access cash reserve account of £50,000

Financial Security:

There are four individuals mandated to sign cheques on behalf of Old Hastings House. They are the Chairman, the Trustee who holds the Management Committee's financial portfolio, the Manager and the Administrator. Any cheque exceeding £200 in value requires two signatures, one of which must be that of a Trustee. Any withdrawal from the strategic reserve fund requires two signatures, one of which must be that of a Trustee. The Annual Accounts are prepared by external accountants and are subject to a full external audit. The Annual Accounts and Report are submitted to the Charity Commission.

New Developments:

A substantial programme of improvements has recently included the replacement of the lift connecting the Blue Floor lounge and the back dining room, the creation of a sheltered patio outside the Magdalen Suite dining room, the refurbishment of the Magdalen Suite kitchenette, and the installation of fish tanks in the Magdalen Suite and the main House. The minibus has been replaced with a larger vehicle and the adapted vehicle with a newer model. Plans for 2016/17 include the redecoration of the Blue Lounge, the replacement of the Blue Floor corridor carpet and the installation of storage cupboards in the Magdalen Suite.

The Trustees had appointed the former manager on a part-time consultancy contract to undertake regular quality assurance assessments of the care provided at the Home. She is also providing expert support to the development programme arising from the implementation of the Dementia Pledge and providing HR support. Having extended her hours, the decision has been taken to bring her onto the pay-roll. Her regular quality assurance reports will continue to be submitted to the Chairman, acting in his capacity as Responsible Individual, and the Manager.