



Report of: Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	16 June 2016	All

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Procurement Strategy – Care Home Beds for Older People at Cheverton Lodge Nursing Home

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Cheverton Lodge Nursing Home in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 This report outlines the rationale for securing a new contract with Barchester Healthcare for the ongoing provision of older peoples' accommodation and care home services at Cheverton Lodge Nursing Home in Islington. The current and final contract extension period ends 3 April 2017.

2. Recommendations

- 2.1 To approve the procurement strategy for the provision of care home beds for older people at Cheverton Lodge Nursing Home as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Housing and Adult Social Services in consultation with the Executive Member for Housing and Adult Social Care.

3. The Nature of the Service

- 3.1 There is a slow but steady projected rise in demand for care home placements to 2018 with a significant rise expected thereafter. The Council's preference is to meet this demand locally rather than placing out of borough, unless requested to do so by the user and their family/carer. Local block contracts enable us to build relationships with care homes, support them to deliver local provision with a commitment to continuous improvement and set bed rates and uplift processes for the life of the contract. We can achieve greater oversight and scrutiny by conducting monitoring and quality auditing visits more frequently to homes in borough.

- 3.2 A procurement exercise was carried out in 2013, to secure an ongoing supply of local care home beds for older Islington residents with complex needs who can no longer live at home. A block contract was secured with Cheverton Lodge Nursing Home, a fifty-two (52) bed home in the north of the borough owned and run by Barchester Healthcare, delivering nursing home care to older people and a small number of younger people with physical disabilities.
- 3.3 At the time of the procurement in 2013 the Council also wished to test the local market and understand if there were any:
- new providers already operating in the borough, or willing to do so, who could provide additional care home beds to Islington residents through a block contract arrangement
 - existing providers in Islington willing to enter into a block contract arrangement where previously they have only agreed to provide spot placements
 - existing providers willing to increase the number of beds available to the Council through a block arrangement.
- 3.4 The 2013 procurement exercise demonstrated that there were no new or existing providers in borough interested in either new or increased block contract arrangements with the Council. Some providers prefer to sell beds privately to individuals who fund their own care or to NHS specialist care groups (for example, continuing healthcare), as the financial return on those arrangements is better than rates secured from the Council.
- 3.5 Given the lack of a local market, the continued demand for local beds, and the fact that the building (Cheverton Lodge) is owned by the service provider, commissioners recommend that re-contracting with the provider is the most direct and cost effective way of securing a new contract term in the home.

4. Estimated Value

- 4.1 Any new contract will be funded from existing Adult Social Services resources. A benchmarking exercise has been undertaken. Consideration will be given to how the service can be delivered within the available budget parameters. The current contract value is £840k per annum. Commissioners will seek a contract for a five (5) year period (two (2) years plus two (2) years plus one (1) year); with a total estimated contract value c£4.3m, or c£860k per annum.. Contract extensions will be based on assessed performance against outcomes, and the standards of the service provided.
- 4.2 If commissioners are unable to secure agreement to a satisfactory contract price, and terms and conditions, then the existing agreement with the providers will cease. Any residents living in Cheverton Lodge when the current contracts end in April 2017 will remain within the home on a spot placement basis. This arrangement would be subject to review should the spot placement bed rate differ significantly from the previous block bed rates, a situation which is highly likely to occur and will result in a cost pressure for the Council. However, it must be noted that research suggests outcomes are poor for older frail and vulnerable adults who are moved from a settled care home environment.

5. Timetable

- 5.1 It is proposed that the procurement run from July to September 2016, with contract award in November 2016. The new contract will start in April 2017.

6. Options Appraisal

- 6.1 Option 1 - No procurement

This would result in the need to secure new placements for those residents living in Cheverton Lodge at the end of the current contract period. This action carries the following risks:

- Detrimental impact on the health and wellbeing of the affected residents, their families and relatives
- Potential lack of suitable placements causing delays in moving residents out of Cheverton Lodge

- Potential budget pressures if:
 - new placements are more expensive
 - additional resources are required to undertake resident assessments and project manage the decant
- reputational risk for the Council if there is a negative impact on residents' health and wellbeing.

6.2 Option 2 – Spot placement at Cheverton Lodge

Any residents living in Cheverton Lodge when the current contracts end in April 2017 would remain within the home on a spot placement basis with a negotiated fee. Spot fees are very likely to be higher than block fees and may be subject to annual uplifts which would result in a cost pressure for the Council.

6.3 Option 3 – Undertake procurement exercise to try and secure additional care home beds in borough

The procurement exercise in 2013 demonstrated that there was no competitive market available at that time. The position on the availability of care home beds in Islington has not changed since 2013 and therefore, there is a very real risk that the procurement would fail.

6.4 Option 4 – Re-contract with Provider at Cheverton Lodge

This is the favoured option.

7. Consideration of Social Benefit

- 7.1 The proposal is to commission fewer than half of the beds provided by the care home since the Provider will not make all beds within the home available in a block contract arrangement. In such circumstances it is not possible to require the provider to pay the London Living Wage since disaggregation of the hours of care delivered to Islington Council placed residents would be too complex. The nursing and management staff within the home are paid at or above LLW and the provider has stated that payment of LLW for all staff across the group is an aspiration.
- 7.2 Local placements enable residents to better maintain local friendship/family and community connections which can have a significant impact on quality of life.
- 7.3 Staff working in the care home are required to receive appropriate and regularly updated training and have access to the Council's training programme and that offered by Whittington Health. They are also provided with regular supervision using locally developed clinical supervision templates.

8 Evaluation Criteria

- 8.1 The contract award will be based 100% on price, subject to minimum quality standards being met.

The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Cheverton Lodge Nursing Home provides care home beds for older people assessed as no longer able to live independently in the community. See paragraph 3.1 to 3.4
2 Estimated value	The estimated total contract value is c£4.3m. The agreement is proposed to run for a period of 2+2+1 years. See paragraph 4.1
3 Timetable	Procurement to run from July to September 2016. Award November 2016. Contract start date in April 2017. See paragraph 5.1
4 Options appraisal for tender procedure including consideration of collaboration opportunities	1. No procurement 2. Spot placement at Cheverton Lodge 3. Undertake procurement exercise to try and secure additional care home beds in borough 4. Re-contract with the Provider at Cheverton Lodge See paragraphs 6.1 to 6.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	As outlined in this report. There are no TUPE implications. See paragraph 7.1 and 7.2.
6 Evaluation criteria	100% on cost. See paragraph 8.1.
7 Any business risks associated with entering the contract	As outlined throughout this report.

9 Implications

9.1 Financial implications

The recommendation of this report are to approve the procurement strategy for care homes for Older People at Cheverton Lodge Nursing Home. This service is funded from Adult Social Services base budget and will not result in a budget pressure for the Council. The annual cost of the service is £840k and the total cost over the five year contract will be c£4.3m.

9.2 Legal Implications

The Council has a duty to meet an adult's need for care and support where s/he has been assessed as satisfying the eligibility criteria. Where appropriate, that need may be met by the provision of accommodation in a care home (sections 8, 13 and 18 of the Care Act 2014). Accordingly the council may enter into a block contract with a provider(s) to secure the supply of local care home beds (section 1 of the Local Government (Contracts) Act 1997).

Individuals have a right to choose their preferred care home accommodation. This right is set out in the Care and Support and Aftercare (Choice of Accommodation) Regulations 2014. The Regulations provide that if an individual has a preference for a particular care home, the local authority is required to arrange accommodation at that home subject to certain conditions being met, namely that

- (a) the care and support plan for the individual specifies that the individual's needs are going to be met by the provision of accommodation in a care home;
- (b) the preferred accommodation is of the same type as that specified in the individual's care and support plan;
- (c) the preferred accommodation is suitable to the individual's needs;
- (d) the preferred accommodation is available; and
- (e) where the preferred accommodation is not provided by the local authority, the provider of the accommodation agrees to provide the accommodation to the individual on the local authority's terms.
- (f) If the cost to the local authority of providing or arranging for the provision of the preferred accommodation is greater than the amount specified in the individual's personal budget that relates to the provision of accommodation of that type, the additional cost will be met by a third party who enters a written agreement with the local authority in which s/he agrees to pay that additional cost.

Securing use of the care home beds at Cheverton Lodge through a block contract will enable the Council to comply with the requirement to facilitate user choice and ensure that residents who wish to remain living locally are able to do so.

The accommodation being procured is subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £589,148. The aggregate value of the proposed block contract is above this threshold. The contract will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it discharges its duty to comply with the European Treaty principles of equal treatment and transparency

It is noted that following investigation, it has been established that there is currently no competitive market for the supply of care home beds on a block contract basis. In Islington. In these circumstances it would be reasonable for the Council to adopt Option 4 as its procurement strategy.

9.3 **Environmental Implications**

There are several environmental impacts associated with the delivery of a care home service. These include energy use for heating, cooking, washing and other appliances, water use in bathrooms and kitchens, the generation of waste and the biodiversity impact of grounds maintenance.

These impacts can be mitigated by the management of the care home; energy use by ensuring the building is well-insulated and the heating system is modern and operating efficiently, and by using energy-efficient appliances and lighting (e.g. A-rated white goods or LED lights). Water usage can be moderated by measures such as tap aerators and dual-flush toilets. Waste can be managed to ensure recycling and composting is promoted, whilst biodiversity could be enhanced by a range of measures, such as bird and bat boxes.

9.4 **Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment was completed for the previous procurement exercise in 2013.

10 Reason for recommendations

- 10.1 There is an ongoing demand for and commitment to provision of local care home beds. There is a limited and uncompetitive local market and commissioners have demonstrated that pursuing an open procurement will be unproductive.

For these reasons it is recommended that commissioners re-contract with Barchester Healthcare for ongoing provision of care home beds at Cheverton Lodge Nursing Home.

Final report clearance:

Signed by:

Janet Burgess

Executive Member for Health and Wellbeing

Date: 24 May 2016

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