



Report of: Executive Member Health and Social Care

Meeting of:	Date:	Ward(s):
Executive	9 June 2022	N/A

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SUBJECT: Procurement Strategy for older people's nursing home provision

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of older people's nursing home provision in accordance with Rule 2.8 of the Council's Procurement Rules.
- 1.2 This report seeks approval to procure at least eighteen (18) older people's nursing home beds, with agreement to procure up to a further 18 beds as required (36 in total) in a care home/care homes based in the borough, rated at least 'Good' by the Care Quality Commission (CQC.)

2. Recommendations

- 2.1 To approve the procurement strategy for older people's nursing home provision as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Adult Social Care following consultation with the Executive Member for Health and Social Care.

3. Background

- 3.1 Nature of the service

Currently, around 3,900 residents have accessed long-term adult social care services in Islington in the last year. The number of individuals receiving long term support through Islington Council Adult Social Care is increasing, and it is anticipated that demand on our services will continue to grow.

Islington's aging population is a primary driver of adult social care demand. From 2020 to 2030, we expect to see a 4% growth in our Islington adult population (from 205,000 to 209,000). Our older population aged 60+ will grow more quickly, with an increase of 15% by 2025 and 26% by 2030, a growth of around 9,000 individuals. So that by 2030, Islington's 60+ population will be c.40,000. Although it will remain a small group in absolute numbers, our population aged 80+ will grow even more quickly, by 14% by 2025 and 36% by 2030. So that by 2030, our 80+ population is expected to reach 8000. Relatedly, projections suggest that there will be an increase in the number of Islington residents living with dementia, and associated support needs.

Demand for care home placements will increase over the coming years, with a projected 39% increase in new admissions to care homes for Islington residents age 65+ from 111 new admissions in 2021/22 to 153 in 2030/31. In 2021/22 there were 593 Islington residents living in care homes. The care home needs analysis suggests this will increase to over 750 Islington residents living in care homes by 2030. This demand may be tempered by improving support available for people living at home (for example via home care transformation, access to community equipment, and increasing access to more advanced assistive technology) and developing alternatives to residential placements such as increasing our provision of Extra Care Housing, which is currently very low per capita.

However, in light of demographic change commissioners still expect an increase in home care need, particularly for nursing care, which caters to those with more complex needs.

The Council is ambitious about excellent nursing home provision to meet the needs of residents who cannot remain in their own homes or in other accommodation-based services. It is keen to work with providers that offer high quality, personalised, enabling care and support. Our aim is that nursing homes are well-connected, at the heart of communities, active contributors to social value, and offer exciting employment opportunities.

Islington is home to a small, high quality care home market, with approximately 450 beds across eight older people's care homes. All eight homes are registered to provide nursing care, and some are also registered to provide residential care, and/or specialist dementia and mental health care for older people with long term mental health conditions.

The Council holds block contracts (contracts for a 'block' i.e. specific number of beds) for a total of 239 beds with five of the eight Islington homes – this represents just over half of the beds available in-borough. The Council's current block contracts run for varying terms – with contracts running until 2022, 2029, and 2031. The Council spends approximately £11m per annum on block placements.

Demand for in-borough placements outstrips current supply. This is largely due to Islington's small geographical footprint; the limited opportunities for care home developments; family choice and to meet individual specialist needs. In these circumstances we must seek individual placements with homes, in and out of borough, where we do not hold contracts (spot placements), the costs of which vary greatly. In circumstances where we make spot placements, the council undertakes checks to ensure the home delivers good quality safe care

and can meet the individual's needs. However, spot contracts do not provide the same opportunity for collaboration and partnership that we benefit from in our block contracts.

In light of this, the council is seeking to maintain or, if possible, expand the availability of in-borough block provision because this offers a range of benefits:

- Residents are enabled to stay close to home, their loved ones, and professional support;
- Residents can benefit from the well-established Islington care home support infrastructure;
- The Council has enhanced oversight of quality and safeguarding matters when contract monitoring measures are in place and we are acting as the host safeguarding authority;
- Spending on in-borough placements supports in-borough employment opportunities and delivery of social value that residents can benefit from;
- Block contracts represent good value for money, when compared with spot purchased provision – the costs of which can vary greatly – and enable more long-term financial planning; and
- Block contracts facilitate development of long-term relationships with providers, and offer mutually beneficial stability for the local care market.

To ensure a high quality offer, the council is seeking to procure provision only in homes rated 'Good' or above by the CQC.

An existing contract for eighteen nursing beds ends in November 2022 and we are seeking new contract(s) to maintain and possibly expand existing capacity. We are seeking to maintain capacity if at all possible, with the flexibility to procure up to a further eighteen beds should suitable providers respond to the tender.

3.2 Estimated value

It is proposed that we procure older people's nursing home provision via block contracting, with contracts to start from 1 December 2022.

Contracts will be let on an initial four-year basis, with one extension of two years, (4+2 years, total contract duration six years). The aim of this is to enable commissioners to build long-term partnerships with a provider, to support stability in the local care market, and to support seamless continuity of care for residents.

The estimated value of this provision, up to a maximum of 36 beds, will be up to £2,245,149 per annum or £13,470,892 across the contracts' maximum period of six years. The services will be funded from the Adult Social Care base budget. These costs are based on estimated 2022/23 prices, providers paying the London Living Wage and are dependent on the number of placements procured.

Projected costs have been developed based on benchmarking with current block contracts, analysis undertaken by external consultants, and based on intelligence gathered via soft market testing on provider interest. Compared to inner London spot prices, block purchased beds are of a lower weekly cost. This is mainly due to providers having a steady guaranteed cash flow for the number of block beds commissioned. Please see section 3.7 for risks and mitigations. Actual costs may be lower than projected, if fewer providers are interested or if providers reduce the number of beds they bid for.

3.3 Timetable

The anticipated timetable is based on the potential to include an element of negotiation in the process. This is subject to amendment.

Contract notice published	June 2022
Evaluation/negotiation	July - September 2022
Contract Award	November 2022

The council has undertaken stakeholder engagement and soft market testing to inform this procurement strategy.

A prior information notice (PIN) will be published in order to stimulate market interest.

3.4 Options appraisal

To meet future needs, commissioners have explored a range of options for maintaining and/or increasing the in-borough block bed base of nursing beds in a home registered as 'Good' or above by the Care Quality Commission to go live in 2022. – A summary is outlined below.

Key Considerations	Options		
	1. No strategic action – secure care home beds through spot provision.	2. Deliver in-house	3. Procure external block provision
Maintain existing nursing home capacity in borough	No	Yes	Yes
Possible within current resources (Operations and commissioning)	Yes	No	Yes
Possible within current infrastructure (eg estates)	Yes	No	Yes
Value for money (eg. Calibre of staff – London Living Wage)	No	Yes	Yes
Current expertise in delivery of nursing care	Yes	No	Yes
Promotes inclusive economy and social value priorities	No	Yes	Yes
Facilitate long term relationships and collaboration with providers, to meet council priorities	No	Partially	Yes
	Not recommended	Not recommended	Recommended

Detailed Options appraisal	
Option 1: No strategic action	
Description	Commissioners do nothing and needs are met via spot purchasing of placements.
Benefits	This would enable the council to purchase individual packages of care as required, with no commitment to any fixed costs that are associated with block contracts or in-house provision.

Dis-benefits	<p>Needs analysis shows demand outstrips local capacity and there has been good utilisation of the nursing beds this procurement aims to replace.</p> <p>Spot placement availability and cost is more variable than that of block provision – particularly in-borough – meaning more residents are more likely to be placed out of borough and costs may be higher.</p> <p>The Council has less oversight and influence over spot placements compared to blocks meaning there is a lesser degree of quality assurance, and it is less likely the Council can shape the market constructively (e.g. on London Living Wage).</p>
Recommended	No
Option 2: Deliver in-house	
Description	Adult Social Care In-House services develop older people’s nursing care provision to meet needs.
Benefits	<p>The Council is committed to delivering services in-house wherever feasible.</p> <p>In- house nursing home provision would maintain provision within the borough. It would also enable residents to benefit from Islington’s Multi-Disciplinary Team, and quality monitoring associated with strategically commissioned provision.</p> <p>It would also provide opportunities for local recruitment, fair terms and conditions for the workforce.</p> <p>The Council would have greater control over the quality of provision and the contribution the service makes to wider council ambitions including environmental and community wealth building priorities.</p> <p>With a suitable building and time to develop clinical expertise in delivering nursing home provision this could be feasible consideration in the future.</p>
Dis-benefits	<p>The Council does not have sufficient estates, staffing, the requisite CQC registration, nor clinical governance in place to enable delivery from November 2022.</p> <p>Establishing Council nursing care provision would have significant financial and resource implications in an already challenging financial context.</p> <p>While the Council provides training and development for staff delivering residential care in-house currently, it does not have the necessary skills, or qualified staff to deliver training and development to the standard of nursing care.</p>

	<p>Delivering the service in-house would reduce opportunities for developing long term relationships and opportunities for collaboration with providers to meet council priorities.</p> <p>Establishing Council run nursing care would require a clinical aspect to our work above any that we are currently providing, which will need its own clinical governance structures.</p> <p>Delivery of in-house nursing home provision comes with increased reputational, financial and operational risks to the council should the service fail to deliver good quality provision.</p> <p>At this time, in-house nursing home provision is not feasible.</p>
Recommended	No
Option 3: procure external block provision	
Description	Commissioners procure nursing beds on a block basis from external providers that meet the criteria.
Benefits	<p>Retaining/expanding the in-borough block bed base via procurement would meet the identified commissioning requirements on bed type/quality by November 2022.</p> <p>It would also enable more residents to stay close to home – in line with resident choice.</p> <p>It would enable residents to benefit from Islington’s Multi-Disciplinary Quality Team, and quality monitoring associated with strategically commissioned provision.</p> <p>Commissioning externally run provision would enable the council to tap into existing provision in a borough where access to buildings suitable for care home delivery are limited. The Council would also benefit from providers who have experience of delivering nursing home provision and have the necessarily clinical expertise, CQC registration and governance.</p> <p>It provides greater value for money than spot provision, in part due to spot provision on average costing more, but also due to the calibre of staff as a result of stipulations the council can make in the contract.</p> <p>External procurement can promote inclusive economy and social value priorities through a specification that stipulates measures such as payment of the London Living Wage and advertising jobs locally through iWork as well as a tender process that gives 20% weighting to social value.</p>
Dis-benefits	External procurement provides the council with less direct control over quality.

	It also provides less control over the level of contribution towards the council's environmental, social value and community wealth building priorities than if the council were to deliver in-house.
Recommended	Yes

3.5 Key considerations

Please see below key considerations for the proposed procurement approach:

Key Consideration	Notes
Social Value	<ul style="list-style-type: none"> • 20% of the award criteria will be allocated to social value for new blocks. This will provide a range of benefits for the borough including: <ul style="list-style-type: none"> ○ Commitment from providers to supporting local recruitment – including in partnership with the iWork Service; ○ Commitment from providers on training and upskilling of staff, including via apprenticeship and formal qualifications; ○ Commitment from providers to using local supply chains; ○ Community engagement commitments from providers; ○ Provision of student placement and volunteering opportunities within services; ○ Commitment from providers to staff wellbeing – for example via adoption of workplace health initiatives; and ○ Commitments from providers on delivering environmental and bio-diversity improvements within services, reducing waste, use of sustainable resources, and limiting energy consumption.
London Living Wage (LLW)	<ul style="list-style-type: none"> • Payment of at least LLW to all staff working on Islington contracts will be mandated as a condition of the new block contracts. This will benefit local staff and bring more services into line with Council expectations. • Please see risk section for additional LLW considerations.
TUPE/Staffing	<ul style="list-style-type: none"> • There are no TUPE/staffing implications as officers are seeking to secure and/or expand existing block capacity. In the event that an incumbent provider does not bid or is not successful, the residents placed with them will remain in their care but on spot placement, rather than blocks. Any new or additional contracts will not therefore be transferring undertakings.

3.6 Evaluation

This contract is being procured under the light-touch regime under Section 7 Social and Other Specific Services of Part 2 of the Public Contracts Regulations 2015. Under Regulation 76 the Council is free to establish a procedure, provided that procedure is sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators (service providers) and is initiated by a contract notice.

However, what the Council is proposing is essentially the open procedure but with the potential for negotiation, similar to the competitive procedure with negotiation. The open procedure means that all bidders who successfully express an interest will automatically be invited to tender and have

access to the tender documents. The open procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated. The council will reserve the right to award the contract on the basis of initial tenders without negotiation where this offers value for money. The council also reserves the right not to make an award of contract at all.

Bids will be assessed on the basis of 80% quality of which 20% will be allocated to social value, and 20% price.

Quality criteria (80%) will be split as outlined below:

- Social value (20%)
- Quality assurance and clinical governance (15%)
- Safeguarding (15%)
- Workforce and staffing (15%)
- Lifestyles and engagement (10%)
- Infection Prevention and Control (5%)

These criteria have been selected to ensure providers are able to deliver a safe, well-led, high quality, person-centred offer to Islington residents.

The evaluation panel will include professionals with a range of experience including from Adult Social Care Operations.

3.7 There are several risks related to this procurement:

Risk	Mitigation
Mandating payment of at least LLW for all staff may result in a failed procurement as the Council will likely be commissioning minority shares of bed provision and the providers may therefore decide meeting this requirement is not financially viable.	<ul style="list-style-type: none"> • The council has been clear about Council LLW requirements with prospective providers throughout soft market engagement and providers have continued to express an interest.
Providers may opt to move away from public sector contracting in favour of self-funders resulting in a failed procurement.	<ul style="list-style-type: none"> • The council has benchmarked appropriate and sustainable prices, in the context of ongoing pressures on local authority budgets. • The council continue to promote the benefits of public sector partnerships for providers in ongoing soft market testing. • Over the next three years our Fair Cost of Care work may also help mitigate this risk, as the differential costs between council purchased care and self-funded care diminish.
Quality issues affect utility/utilisation of provision procured.	<ul style="list-style-type: none"> • The council is mandating that providers must be rated as at least 'Good' by the CQC – providers who do not meet this standard will not be awarded a contract. • The council will seek assurance on key quality concerns via the award criteria (clinical governance and quality oversight, safeguarding)

	<ul style="list-style-type: none"> Contract monitoring associated with contracts will enable the Council to take action should quality concerns arise.
Financial risk due to bed 'voids'	<ul style="list-style-type: none"> The council has made good use of the nursing home beds this procurement aims to replace The council currently places a large number of residents out of area due to lack of availability, any local increase will be welcomed by residents and their families. There will be clauses in the contract to mitigate void costs that are due to the provider's inability to deliver care
Ongoing workforce challenges affect quality or operation of provision.	<ul style="list-style-type: none"> The council will seek assurance on providers' approach to workforce management via the Quality award criteria. The council will encourage workforce development via social value award criteria.
Provision does not meet local needs and is not fit for purpose.	<ul style="list-style-type: none"> The council has undertaken a care home needs assessment to underpin commissioning requirements. The council will include break clauses in the contract, to enable closure should provision not meet needs.
Provider financial failure results in disruption to service delivery or closure of contract.	<ul style="list-style-type: none"> The council will carry out appropriate due diligence checks as part of the Procurement process and over lifetime of the contract. The council will work closely with the CQC as part of the Market Oversight regime. The council to enact Market Failure policy in event of issues.
The ongoing COVID-19 pandemic, and associated demands placed on commissioners and providers may delay procurement.	<ul style="list-style-type: none"> The council will maintain ongoing contact with prospective providers. The council will work closely with procurement colleagues to ensure an efficient process.

3.8 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 complete an 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.

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
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1 Nature of the service	As outlined in section 3.1 and 3.2
2 Estimated value	The estimated maximum value per year is £2,245,149. The agreement is proposed to run for a period of four years with an optional extension of two years.
3 Timetable	Contract notice published June 2022 Evaluation/negotiation July - September 2022 Contract Award October/November 2022 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Proposal to procure external block provision See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph 3.5
6 Award criteria	Bids will be assessed on the basis, 80% Quality of which 20% will be allocated to social value, and 20% Price. Quality criteria (80%) will be split as outlined below: <ul style="list-style-type: none"> • Social value (20%) • Quality assurance and clinical governance (15%) • Safeguarding (15%) • Workforce and staffing (15%) • Lifestyles and engagement (10%) • Infection Prevention and Control (5%) See paragraph 3.6
7 Any business risks associated with entering the contract	See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4

4. Implications

4.1 Financial implications:

The council contract for 18 nursing beds is ending. The majority of the costs for reprocurring the 18 beds will be funded from the existing block budget held in Adult Social Care (£1,000,869). However, since the current contract does not include payment of the London Living Wage this budget will be increased by £121,706 to accommodate the London Living Wage requirement in the new contract.

Any additional block purchased beds, up to a further 18 beds, will be funded from existing Adult Social Care resources due to the reduction of spot purchased cost from the move to placements in the new block provision. Therefore, this does not create a budgetary pressure on the Adult Social Care budget.

4.2 Legal Implications:

- a) This Report seeks authority to procure a contract with a total contract value up to £13,470,892 over the maximum period of six years (4+2).
- b) The council has legal authority to procure this contract under section 1 of the Local Government (Contracts) Act 1997.
- c) The total contract value is above the light touch threshold under the Public Contracts Regulations 2015 (as amended) and the proposed open procedure advertised via Find A Tender is a compliant route to market and is in compliance with the principles underpinning the said Regulations and the council's Procurement Rules.
- d) On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.
- e) The Executive may delegate authority to award the contract to the Corporate Director of Adult Social Care following consultation with the Executive Member for Health and Social Care.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

Care homes are contractually required to have adequate systems in place for the storage, disposal and documentation associated with any clinical waste produced.

There are a number of environmental implications for care homes. These include energy use in the building for heating, cooking and appliances, water use and waste generation by residents. The council is committed to engaging residents and partner health sector organisations in their drive to meet emission reductions as part of the Net Zero Carbon 2030 Programme – recommended environmental improvements at the care home will be introduced, where feasible.

The Council will encourage measures that mitigate environmental impact and promote the council's ambitions, assessed as part of the 20% social value evaluation criteria.

4.4 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.

An Equality Impact Assessment Screening Tool has been completed for this service, a summary of which is included below.

The contract is for a service specifically for older residents in the borough (usually 65+). It is intended to have a positive impact on this group by offering care home placements to those with complex needs who can no longer live at home. Such services are for some of the most vulnerable in our communities and by accessing them older people can expect to:

- improve their quality of life
- reduce their risk of social isolation and exclusion
- Reduce their risk of harm.

The contract is for a service specifically for older residents, many of whom will have a disability or long term conditions, therefore it is intended to have a positive impact on residents of the borough with this protected characteristic.

For all the other protected characteristics, the contract is deemed to be equality neutral in the category as all groups are treated with equality of opportunity by the service.

5. Reason for recommendations

- 5.1 This report recommends commissioning of at least eighteen (18) older people's nursing home beds in a care home/care homes based in the borough, rated at least 'Good' by the Care Quality Commission (CQC.) Procurement will be through open tender with the opportunity for negotiation.

The council has an extension on a current block contract with one provider for 18 nursing beds which expires in November 2022. This procurement hopes to maintain much needed nursing bed capacity in borough when the current contract comes to an end. It will deliver value for money for the council, will facilitate development of long-term relationships with providers, and offer mutually beneficial stability for the local care market.

Appendices

- Appendix A - Equality Impact Assessment Screening Tool
- Appendix B - Environmental Impact Assessment
- Appendix C - London Living Wage Report

Background papers: None

Final report clearance:

Signed by:

23 May 2022



Executive Member Health and Social Care

Date

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