

Strategic Commissioning and Investment

222 Upper Street, N1 1XR

Report of: Corporate Director of Adult Social Care

Date: 16 November 2022

Ward(s): All

## Subject: Older People's Nursing Beds Contract Award

### 1. Synopsis

- 1.1. This report summarises the outcome of a procurement process for eighteen nursing care beds for older people in accordance with Rule 2.8 of the Council's Procurement Rules.
- 1.2. The service will provide high quality, personalised, enabling nursing care within the borough to meet the needs of older residents who cannot remain in their own homes or in other accommodation-based services. The service will pay London Living Wage.

### 2. Recommendation

- 2.1. To approve the award of the contract for eighteen nursing care beds for older people to Barchester Healthcare Ltd - Cheverton Lodge care home for a period of 48 months from a start date of 1 December 2022 with option to extend up to a further 24 months.

### 3. Date the decision is to be taken

- 3.1. **22 November 2022**

### 4. Background

- 4.1. **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. Related to this 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 at a very low rate 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 health 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.

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, 2024, 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 block 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 placements 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 capacity.

**4.2. Estimated value**

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

The full term of the contract is six years to enable commissioners to build long-term partnerships with the provider, to support stability in the local care market, and to support seamless continuity of care for residents. The contract will include annual termination clauses to provide opportunities for the Council or the provider to review performance and sustainability.

Projected costs were 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. London Living Wage and 2022-23 costs were taken into account.

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.

The advertised budget for eighteen beds for the life of the contract (6 years) was £6,735,444 or £1,122,574 per annum. The actual cost for this contract, will be £1,122,535 per annum which sits just within the budget envelope per annum. The services will be funded from the Adult Social Care base budget.

**4.3. Timetable**

Award contract Nov 2022  
Contract Start Date 1<sup>st</sup> December 2022

**4.4. Options appraisal**

To meet future needs, commissioners 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.

Options			
<b>Key Considerations</b>	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
	<b>Not recommended</b>	<b>Not recommended</b>	<b>Recommended</b>

<b>Detailed Options appraisal</b>	
<b>Option 1: No strategic action</b>	
<b>Description</b>	Commissioners do nothing and needs are met via spot purchasing of placements.
<b>Benefits</b>	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.

<b>Dis-benefits</b>	<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>
<b>Recommended</b>	<b>No</b>
<b>Option 2: Deliver in-house</b>	
<b>Description</b>	Adult Social Care In-House services develop older people’s nursing care provision to meet needs.
<b>Benefits</b>	<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>
<b>Dis-benefits</b>	The Council does not have sufficient estates, staffing, the requisite CQC registration, nor clinical governance in place to enable delivery from November 2022.

	<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>
<b>Recommended</b>	<b>No</b>
<b>Option 3: procure external block provision</b>	
<b>Description</b>	Commissioners procure nursing beds on a block basis from external providers that meet the criteria.
<b>Benefits</b>	<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</p>

	<p>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>
<b>Dis-benefits</b>	<p>External procurement provides the council with less direct control over quality.</p> <p>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.</p>
<b>Recommended</b>	<b>Yes</b>

#### 4.5. Key Considerations

The proposed provider, has a proven track record of providing good quality nursing care services across the UK and Islington. The provider demonstrated personalised care, delivered in partnership with families and a Multi Disciplinary team of health professionals. Positive risk management was demonstrated to ensure that quality of life is balanced with safety. As well as making use of digital technology, the provider has developed a number of partnerships with voluntary sector providers and community groups to minimise social isolation.

The provider will meet the level of LLW for the duration of the contract but will review payscales annually. An annual break clause is built into the contract should the provider or the Council conclude that the contract is no longer sustainable. It should be noted that only one bid was received i.e. the bid recommended for contract award by this report. Therefore, if the contract is not awarded to the provider, in borough care home capacity will be reduced in the context of a very small care home market. It is probable that LBI will rely on the home to make much more costly spot placements and LBI will lose a strategic relationship with a local care home provider.

##### 4.5.1 Social Value

Twenty per cent of the award criteria was allocated to the provider's commitments to social value. Bidders were asked to demonstrate commitment to social value and how they would deliver social value with respect to social, economic and environmental aspects of the framework. The successful bidder made the below commitments:

## Social

- Strong links within the neighbourhood and local community
- Volunteer initiatives
- Student placements for students of local colleges from a range of disciplines
- Links with schools to create intergenerational opportunities

## Economic

- Local recruitment campaigns
- Goods and services procured local suppliers and tradespeople
- Work placements from Whittington Health
- Pay will be at London Living Wage levels for staff delivering the contract.

## Environmental

- Minimise food miles
- Food waste initiatives
- Cycle scheme for employees

### **4.5.2 Clinical governance and quality assurance**

- The provider demonstrates a strong relationship with the multidisciplinary team (MDT) of health professionals to deliver good health outcomes and to avoid hospital admissions.
- Quality issues are identified and addressed via a number of mechanisms including the MDT, family forums, management floor walking and internal audits.
- The contract includes a comprehensive performance framework and the provider will be required to collect and share data against a range of KPIs which measure the following. Regular contract monitoring meetings and audits will take place to assure quality and to encourage a partnership working toward continuous improvement.
  - Services provided
  - Utilisation,
  - Outcomes
  - Incidents,
  - System impact,
  - End of life care,
  - Staffing,
  - Feedback,
  - Care and support
  - Choice and control.

The proposal is to award the contract to the incumbent provider in which case there are no implications with regard to TUPE.

#### 4.6. **Evaluation**

The tender will be conducted in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

One organisation, the incumbent provider, submitted a tender return and passed the compliance checks and suitability assessment stage. The evaluation was based on the following criteria broken down as follows. The bidder met expectations on all criteria.

- **Cost 20%**
- **Quality 80%**
  - **Quality made up of:**
  - Proposed approach to social value 20%
  - Proposed approach to Quality assurance and clinical governance 15%
  - Proposed approach to Safeguarding 15%
  - Proposed approach to Workforce and staffing 15%
  - Proposed approach to Lifestyles and engagement 10%
  - Proposed approach to Infection Prevention and Control 5%

#### 4.7. **Business risks**

4.7.1 Business risks and opportunities were assessed in the procurement strategy approved by the Executive Member for Health and Social Care on 9 June 2022.

4.7.2 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.

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

Relevant information	Information/section in report
1. Nature of the service	<p>We intend to procure a service provider who will provide eighteen nursing beds in line with the local authorities' responsibilities as outlined in the Care Act 2014.</p> <p>See section 4.1</p>
2. Estimated value	<p>The estimated value per year is £1,122,535</p> <p>The agreement is proposed to run for a period of 4 years with an optional extension of 2 years.</p> <p>See section 4.2</p>
3. Timetable	<ul style="list-style-type: none"> <li>• Contract Award Nov 2022</li> <li>• Contract Start Date 1<sup>st</sup> December 2022</li> </ul> <p>See section 4.3</p>
4. Options appraisal for tender procedure including consideration of collaboration opportunities	<p>Procure external block provision</p> <p>See section 4.4</p>
<p>5. Consideration of:</p> <ul style="list-style-type: none"> <li>• Social benefit clauses;</li> <li>• London Living Wage;</li> <li>• Best value;</li> <li>• TUPE, pensions and other staffing implications</li> </ul>	<p>Details as described within the report.</p> <p>See section 4.5</p>
6. Award criteria	<ul style="list-style-type: none"> <li>• <b>Cost 20%</b></li> <li>• <b>Quality 80%</b></li> </ul> <p>See section 4.6</p>
7. Any business risks associated with entering the contract	<p>Business risks and opportunities were assessed in the procurement strategy approved by the Executive Member for Health and Social Care on 9 June 2022.</p> <p>See section 4.7</p>
8. Any other relevant financial, legal or other considerations.	<p>See section 5</p>

# 5 Implications

## 5.1 Financial Implications

- 5.1.1 The Older People Nursing Contract is funded within the Adult Social Care base budget. The budget for this service for 2022-23 is £1,122,575.
- 5.1.2 The value of this contract will be £1,122,535 per annum, thus this will not create a budget pressure. The full period of the contract is for six years.
- 5.1.3 The provider has agreed to pay LLW but the contract will include annual break clauses to provide opportunities for the provider to review the decision to pay at the level of LLW.
- 5.1.4 Implications provided by: Kelly Ward (Assistant Finance Manager) 20-10-2022

## 5.6 Legal Implications

- 5.6.1 This Report seeks authority to award a contract with a total contract value up to £6,735,210 over the maximum period of six years from 1st December 2022 (48 months + up to an additional 24 months at the council's option).
- 5.6.2 The contract will be terminable annually by the contractor or the Council, effective on 31st November in any year of the contract term by the contractor giving written notice of such termination to the council.
- 5.6.3 The council has legal authority to award this contract under section 1 of the Local Government (Contracts) Act 1997.
- 5.6.4 The total contract value is above the light touch threshold under the Public Contracts Regulations 2015 (as amended). The open procurement procedure was advertised via Find A Tender and was a compliant route to market and is in compliance with the principles underpinning the said Regulations and the council's Procurement Rules.
- 5.6.5 The contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council - in this case only one bid was in fact submitted. The decision-maker must be satisfied that the one submitted bid provides value for money for the council.
- 5.6.6 The Executive has delegated authority to award the contract to the Corporate Director of Adult Social Care following consultation with the Executive Member for Health and Social Care

## 5.7 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

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

**5.7.2** 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.

## **5.8 Equalities Impact Assessment**

5.8.1 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.

5.8.2 An Equalities Impact Assessment was completed on March 4<sup>th</sup>, 2022. The main findings are that the procurement of nursing beds will have a positive impact on older people, people with disabilities and carers. The procurement will have a neutral impact on all other groups. The Equalities Impact Assessment is appended.

## **6. Conclusion and reasons for the decision**

6.1 The recommendation is to award a contract starting December 1st 2022, to Barchester Healthcare Ltd for 18 nursing beds to be provided at Cheverton Lodge care home. The award of the contract would maintain the current level of much needed nursing provision in Islington.

## 7. Record of the decision

- 7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by: John Everson



**Corporate Director of Adult Social Care following consultation with Executive Member of Health and Social Care**

Date: 22<sup>nd</sup> November 2022

### **Appendices:**

#### **Background papers:**

- Appendix A – Winning bid score breakdown (Exempt)
- Appendix B –Nursing Beds Procurement Strategy
- Appendix C -Equality Impact Assessment

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