

**CARE HOMES DEVELOPMENT WORK STREAM 2 TO COMMISSION NEW BLOCK CONTRACTS**

*To:* **Adults Committee**

*Meeting Date:* **10 January 2019**

*From:* **Executive Director: People and Communities**

*Electoral division(s):* **All**

*Forward Plan ref:* **2019/018** *Key decision:* **Yes**

*Purpose:* **To seek approval for recommended approach to increase care home capacity under Work Stream 2 of the Care Homes Development Programme**

**To provide an update on the Competitive Dialogue process under Work Stream 3 of the Care Homes Development Programme including C&I Committee approval for the first development site**

*Recommendation:* **1. Adults Committee is asked to approve the recommended commissioning approach to secure new care home capacity via block contract arrangements.**

**2. Adults Committee is asked to delegate authority to award contracts to successful providers to the Joint Commissioning Board.**

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## 1. BACKGROUND

- 1.1 The Care Homes Development Project was launched in 2017 and is part of the Older People's Accommodation Strategy. The focus of the project is to address the current and future requirements for residential, residential dementia, nursing and nursing dementia care provision in the short and longer term across Cambridgeshire. The project has three Work streams:
- Work stream 1 to increase current block bed provision which could be available by May 2018, subject to Committee approval. **(Work Stream Completed)**
  - Work stream 2 to incentivise the market to extend or build on their own land to increase capacity with a focus to increase capacity.
  - Work stream 3 to secure a strategic partner to build and run care homes on council owned land meeting the longer term needs of the market and Cambridgeshire residents.
- 1.2 At present, we have a projected shortfall of 450 high quality affordable beds across the market. 150 of these beds are required to be affordable and sustainable directly commissioned by the Council, and the remainder 300 to be available to the self-funder market.
- 1.3 Under Work stream 1 the existing seven block bed providers were asked to inform CCC of additional capacity that could be commissioned to meet the shortfall across the county. Through this work, we have managed to gain 39 additional residential units (21 Residential and 18 Nursing) in Cambridge City and South Cambridgeshire by extending existing contracts.
- 1.4 Whilst work stream 1 has been successful in relieving some of the pressure in Cambridge and South Cambridgeshire, we still have an immediate shortfall of 111 units across East Cambridgeshire, Huntingdonshire and to a lesser extent, South Cambridgeshire.
- 1.5 **Update on Competitive Dialogue process under Work Stream 3 of the Care Homes Development Programme including C&I Committee approval for the first development site**

On the 23<sup>rd</sup> November 2018, Commercial and Investment Committee recommended that a development site of Council owned land at Slade Farm, Burwell, East Cambridgeshire can be used for the next stage of the procurement process.

Once a decision has been made about the preferred specific site within the wider development, this site will be put forward to the remaining bidders in the Invitation to Submit Detailed Solution (ISDS) stage of the competitive dialogue process whereby bidders will produce a detailed business case of their suggested approach to developing the first home on this site.

Evaluation of bids will take place in February and March 2019

## **2. RECOMMENDED APPROACH AND COST IMPLICATIONS**

- 2.1 It is recommended that under Work Stream 2 of the Care Homes Development Project, we carry out an open tender procurement exercise to increase capacity by the remaining 111 units required. These units are additional to the 150 affordable units that will be secured in the long-term (within 5 years) via Work Stream 3 using a competitive dialogue to secure a strategic partner.

We do not believe that increasing capacity by 111 in the short term as well as increasing by a further 150 in the longer term will leave us with an over-provision of services due to the fact that the vast majority of current residential care placements are spot purchased. Therefore if demand does not increase to the level that is expected, we will use block contracted units to;

- Reduce usage of spot purchased provision
- Increase provision of interim residential care between a hospital admission and return to home
- Increase provision of residential carer respite support.

To develop our estimate of the requirement for residential and nursing beds by the Council, we used a model<sup>1</sup> produced by the Housing Learning and Improvement Network which supports commissioners with producing accommodation and care strategies for older people.

The model takes the estimated prevalence of cognitive impairment, personal care difficulties, mobility problems and difficulties with domestic tasks, and combines them with population forecasts (of numbers of 75+ year olds), to arrive at an estimated number of required places.

It allows for an increase in the number of people making use of alternatives to residential and nursing care such as extra care or home care, and an increase in the need for nursing care specifically in comparison to residential care. We used local figures and made some adjustments to ensure it fitted the local market.

This included a broad assumption that the Council purchases about 1/3 of the beds available in the market. We also triangulated the results by comparing to internal data about service users' initial placement requirements and preferences, and where they ultimately ended up being placed, in order to test the model's conclusions about pressure points in the market for the Council's purchasing specifically.

Although work stream 2 intends to increase capacity in the short to medium term, for the majority of providers there is expected to be a period of planning and building work that will be required to increase capacity. Therefore, we intend to allow for this in contract duration and we expect service mobilisation could take up to 18 months from contract award date

### **2.2 Recommended Breakdown of Remaining 111 Units Required:**

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<sup>1</sup> <https://www.housinglin.org.uk/Topics/type/More-Choice-Greater-Voice-a-toolkit-for-producing-a-strategy-for-accommodation-with-care-for-older-people/>

The table below sets out our recommended approach for how the 111 remaining units should be split by type and area. This approach has been modelled using data provided by Cambridgeshire Business Intelligence Team which highlights that our biggest need is for Nursing care across East Cambs and Hunts whilst still taking into account that there is a requirement to procure some additional Residential Dementia capacity.

Area	Type	Number of Beds required
<b>East Cambridgeshire</b>	Residential	0
	Residential Dementia	10
	Nursing	23
	Nursing Dementia	15
<b>South Cambridgeshire</b>	Residential	0
	Residential Dementia	5
	Nursing	5
	Nursing Dementia	5
<b>Huntingdonshire</b>	Residential	0
	Residential Dementia	10
	Nursing	23
	Nursing Dementia	15
<b>Total Requirement:</b>		<b>111</b>

### 2.3 Pricing Structure

We are currently working on our pricing strategy to ensure best value for money for the council whilst still affordable for providers. However, **Committee are asked to approve** that new block contracts are put out to tender with a maximum price ceiling set at current average block weekly rates or lower.

### 2.4 Commissioning Approach

Following advice from Members and Senior Managers, it is recommended that the council carries out a procurement exercise in order to achieve an increase in care home capacity in East Cambridgeshire, South Cambridgeshire and Huntingdonshire.

It is recommended that the required capacity required is split into the following Lots for tendering purposes:

Lot	Area	Type of Provision and Amount
1	South Cambs	Residential Dementia – 5 beds
2	South Cambs	Nursing – 5 beds
3	South Cambs	Nursing Dementia – 5 beds
4	East Cambs	Residential Dementia – 10 beds
5	East Cambs	Nursing – 23 beds
6	East Cambs	Nursing Dementia – 15 beds
7	Huntingdonshire	Residential Dementia – 10 beds
8	Huntingdonshire	Nursing – 23 beds
9	Huntingdonshire	Nursing Dementia – 15 beds
		<b>Total - 111</b>

We intend to use a flexible approach when awarding Lots to successful providers in order to maximise new block capacity. This will mean that if no one provider or group of providers can fulfil the total number of beds required in a Lot, they will still be awarded a contract to deliver the provision that they can provide.

It is our intention that for each Lot, the top scoring bidder will be awarded the maximum amount of beds that they can offer and then bidders will be awarded the beds that remain in the Lot based on their score and the range of units they can offer until all beds can be delivered.

We intend all bidders to state a minimum and maximum amount of beds they can offer when tendering for a Lot. This will increase the ability for us to procure the capacity that we require.

It is recommended that an Open Tender Process is carried out to procure Residential Dementia, Nursing and Nursing Dementia provision.

This approach will:

- Maximise the number of providers across services that could potentially be awarded and sustained for the duration of the contract.
- Include clearly defined price categories that remain stable.
- Include early defined method statements and outcomes to minimise resource input from CCC and provider market to maximise uptake.
- Enable maximisation of lessons learnt from the competitive dialogue process within Work Stream 3 and minimisation of duplication of work.
- Offer stability to the county council and market for the duration of the contract with the potential to extend if mutually agreed.

## 2.5 High-Level Procurement Timeline

The timeline below intends to enter into new contractual arrangements as soon as possible whilst allowing the time required to carry out an open tender approach:

Activity	Timescales
Tender Goes Live	04/02/2019
Tender Return Deadline	11/03/2019
CCC Panel Evaluation and Moderation	15/03/2019 – 03/04/2019
Approval to Award (Seek JCB Delegated Approval)	26/04/2019 – 10/05/2019
Contract Start Date	01/07/2019
Service Mobilisation	01/07/2019 – 01/01/2021 (This will depend on individual circumstances)

## 2.6 **Contract Length**

We intend to award contracts to service providers for a total potential term of **15 years**. This will be made up of an initial term of **5 years** with discretionary extension periods of **5+2+2+1 years**. We believe that awarding contracts for this length of time will allow for providers to carry out planning and building work during the first part of the contract (could be up to 18 months) and the remaining period of the contract will increase providers return on investment whilst achieving good value for money for the Council.

## 2.7 **Contract Flexibility and Commissioning Models**

Due to the proposed length of these contracts, it is recommended that within the terms and conditions of the contract, we ensure we present clear variation and exit clauses to safeguard the Council and Residents.

Furthermore, to ensure delivery of outcomes and financial sustainability for the Council, there is a need to consider and incorporate new models of commissioning and care. Care Suites is an example of a new model which has been implemented within the Sussex area. Care Suites is a model of 24 hour residential care which continues to deliver outcomes for residents requiring this level of support, but offers the Council a more sustainable model of funding and provides residents with self-contained apartment type accommodation.

However, this model does impact on the level of welfare and housing support currently claimed from District Councils and their engagement and support is therefore critical.

We will ensure that providers understand the need to demonstrate flexibility through the tender documentation, process and subsequent terms and conditions within the contract.

## 2.8 **Service Mobilisation**

Due to building works being required in order for providers to offer additional capacity, following contract awards, a period of planning, works and mobilisation will be required.

Depending on how far providers are in the process in gaining planning permission and carrying out building work, service mobilisation could take anywhere from 6 to 18 months. Therefore, within the tender and contract documentation, we will state that providers will be required to deliver a service no more than 18 months from the contract start date. Block contract funding will not be released until we receive assurance that the first residents can begin to receive a service.

We recommend that a clause within the contract reserves the right for the council to end the contract if progress against implementation plans and timescales is unsatisfactory and leads to a delay in bed availability over and above the 18 months.

In order to monitor progress against implementation plans, resource from Contract Management and potentially CCC Property Services will be required with clear KPIs in the contract.

## 2.10 Council Loan

There is the ability for the Council to offer service providers a loan in order for them to carry out necessary building work required to increase capacity within their homes. This would offer providers a potentially advantageous interest rate in comparison to private lenders and offer the council an income stream. However, when viewing the advantages against the disadvantages of this (as detailed below) and the tight timescales involved in this work, we are currently unsure whether this should feature in the commissioning approach.

### Advantages:

- Potential for providers to offer a more affordable service cost to the council due to a more affordable interest rate on the loan.
- Income stream for the council.

### Dis-advantages:

- If we offer a loan to providers and the ability for them to provide the service relies on securing the loan, providers may have to drop out of the process if unsuccessful in securing the loan. This may mean that another provider who did not score as highly has been knocked out of the process but could have offered the beds needed.
- Offering a loan at a different rate depending on the providers credit rating may create an un-level playing field in the procurement process.
- If we offered providers a loan at a consistent interest rate, it is likely that this rate would be very similar to other financial institutions and therefore not create a competitive prospect for the provider.

## 3. ALIGNMENT WITH CORPORATE PRIORITIES

### 3.1 Developing the local economy for the benefit of all

Increasing block contract capacity in the care home market will lead to an increase in employment for local care workers.

### 3.2 Helping people live healthy and independent lives

Extending existing care home provision will enable the Council to provide individuals with more choice and control over arrangements to meet their long term ongoing needs within high quality settings.

### 3.3 Supporting and protecting vulnerable people

In procuring additional capacity for residential care settings, we will ensure that successful providers display robust safeguarding arrangements to ensure that residents are kept safe.

In addition to this, through contract management and quality assurance, we will monitor service provider compliance with safeguarding policies and procedures.

#### **4. SIGNIFICANT IMPLICATIONS**

##### **4.1 Resource Implications**

The report above sets out details of significant cost implications in *section 2.6*

##### **4.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

The report above sets out details of significant procurement/contractual implications in *sections 2.5, 2.6, 2.7 and 2.8*

##### **4.3 Statutory, Legal and Risk Implications**

*There are no significant implications in this category*

##### **4.4 Equality and Diversity Implications**

*There are no significant implications in this category*

##### **4.5 Engagement and Communications Implications**

*There are no significant implications in this category*

##### **4.6 Localism and Local Member Involvement**

*There are no significant implications in this category*

##### **4.7 Public Health Implications**

*There are no significant implications in this category*



<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Officer: Stephen Howarth
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of Officer: Paul White
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Wendi Ogle-Welbourn
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Matthew Hall
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Wendi Ogle-Welbourn
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Tess Campbell

<b>Source Documents</b>	<b>Location</b>
N/A	N/A