

Report for: Cabinet Member Signing - 28 July 2022

Title: Contract Extension and Variation for Nursing and Residential Beds with Magicare at Priscilla Wakefield House

Report authorised by: Farzad Fazilat, Head of Brokerage and Quality Assurance

Lead Officer: Rebecca Cribb. Commissioning Manager

Ward(s) affected: All

Report for Key/Non Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1. This report seeks agreement by Cabinet Member for Health, Social Care and Wellbeing to extend and vary the Council's existing block contract with Magicare for the provision of 61 Nursing Beds at Priscilla Wakefield House. The extension requested is for up to two years, and the variations requested are; to allow the beds to be utilised as residential beds as required and an increase in the nursing bed price to £1,010 per week, with a temporary uplift for 2022/23 only to £1,034 per week to allow for inflation pressures.
- 1.2. Both the extension and the variation are allowed under CSO10.02.1(b) (variations and extensions valued at £500,000 and above to be taken by Cabinet) and CSO16.02, which provides that in-between meetings of the Cabinet the Leader take any such decision that would normally be taken by Cabinet or may allocate this to the Cabinet Member with the relevant portfolio.
- 1.3. The contract was awarded by Cabinet in 2019 for an initial period of three years, to October 2022, with an option to extend for a further 2 years in 12-month intervals.
- 1.4. Extending and varying this contract will maintain access to local provision for older people and maintain much needed nursing and residential care capacity within the sub-region. It will also maintain certainty over price, securing sustainable prices for placements for Haringey residents

2. Cabinet Member Introduction

- 2.1. N/A

3. Recommendations

- 3.1. Cabinet Member for Health, Social Care and Wellbeing is asked to approve:
 - 3.1.1 Pursuant to CSO 10.02.1b and CSO 16.02, the extension of the existing block contract awarded to Magicare Limited for the provision of 61 nursing beds at

Priscilla Wakefield House, for a further period of up to two years from 1st November 2022 subject to satisfactory outcomes of monitoring,

- 3.1.2 To increase the nursing bed price from £969.10 to £1034 per week from the 1 April 2022. The maximum contract value over the two-year extension period would be £6,693,339, bringing the total value over the five-year life of the contract to £15,757,878

Year	Start date	Max. Weekly Cost per bed	Number of beds	Max. Extension Value
1	1 November 2022	1,034	61	£3,287,597
2	1 November 2023	1,034	61	£3,287,597
	Uplifts for period 1/4/22 to 31/10/22	Additional £64.56 per bed per week	61	£118,145
				£6,693,339

- 3.1.3 And to approve the variation of the existing contract to enable beds to be utilised as residential beds (at the costs set out in para 3.8) as and when required.

3. Reasons for decision

- 3.1. The market for nursing care is largely a sub-regional one and the Council commissions nursing care for its residents across North Central London (Barnet, Camden, Enfield, Haringey and Islington). As with neighbouring authorities, Haringey commissions across this area in order to meet demand and to respond to any specialist needs.
- 3.2. Local demand for nursing beds remains high, and although the number of Haringey residents in nursing beds decreased significantly during the Pandemic, demand is once again increasing and our local modelling indicates a return to pre-covid levels of demand over the next few years.
- 3.3. In order to ensure both capacity and flexibility, the Council is keen to have a mixed economy of spot and block purchase arrangements in place for nursing beds. Many placements are commissioned on a spot purchase basis, but the proposal set out here – to continue an existing block contract – reflects the need to maintain local, quality capacity for older people, and to ensure best value in commissioning this provision. Our commissioning approach is set out in the Commissioning Strategy for Residential and Nursing Care in Haringey: 2022-2027
- 3.4. There is a very limited market in nursing beds in the local area. Priscilla Wakefield House (PWH), run by Magicare Ltd, is currently the only Care Quality Commission (CQC) registered nursing care home in the borough, and therefore considered fully local. It has a bed base of 117 Nursing beds and is currently

rated 'Good' by the CQC, as it has been throughout this contract, with consistently good levels of quality. Additionally, Priscilla Wakefield House is linked to the Nursing Home, Care Homes Assessment Team (CHAT), working with individuals receiving long-term care, and therefore it is also anticipated that the provision of these beds will improve outcomes for patients.

- 3.5. Due to this unique position in the market the Council awarded a block contract under Reg 32 of the Public Contracts Regulation 2015, to Magicare for a period of 3+1+1 years in November 2019 for nursing beds at a rate of £950 per bed, with an annual uplift of 1%. The initial contract period will expire on 31st October 2022 if not extended.
- 3.6. The agreed unit price for nursing placements within the block agreement from 1st April 2022/23 is £1,010.21, with a temporary uplift for 2022/23 only to £1,033.66. This includes the NHS uplift to FNC for 2022/23. This uplift is given in recognition of the inflationary pressures experienced by this provider which are similar to those experienced by the rest of the care home sector. The temporary uplift is based in the potential uplift for 2023/24 and should sustain the provider whilst the government's fair cost of care exercise is completed, and we know our funding levels for the next 2-3 years.
- 3.7. The performance of the provider has been evaluated as good throughout the contract period. The contract and service provision will continue to be monitored quarterly over the next two years.
- 3.8. At the inception of the contract, the intention was to use all 61 block beds for nursing only, however, need and demand for these beds is variable and therefore the Council wishes to vary the contract to allow the beds to be used flexibly, for general residential, but with the prior notification to the provider. As well as responding to local need, this would also support efficient move on from the Intermediate Care beds also provided by MagiCare at Priscilla Wakefield House.
- 3.9. It should be noted that currently we have not used all 61 beds, and therefore there should be sufficient capacity to respond to residential and nursing needs. Decisions about how to use the beds will be made on a case by case basis, based on the needs and wishes of clients and local availability at the time of placement.
- 3.10. The agreed unit price for new residential placements within the block contract is £888.77 per bed per week, with a temporary uplift for 2022/23 to £914.78. Any use made of the block contract for residential placements will result in a lower value contract.
- 3.11. The extension of this block contract reflects the desire to maintain capacity in Haringey and to ensure best value in commissioning this provision. The Council has a need to achieve savings against commissioning placement costs. As part of the approach to achieving these savings, the intention here is to secure a supply of beds for Haringey residents and protect the potential loss of supply which would result in allowing the prices to be determined solely by supply and demand from other parts of London market and capacity to be lost to other commissioning authorities.

4. Alternative options considered

- 4.1. One alternative option is for the Council to 'do nothing' i.e. not extend the contract, which will see the continued reliance on spot purchases and the risk of a significant increase in expenditure over the remaining period of this contract. This would result in the Council having to pay either an increased spot rate to the provider or find alternative accommodation for the residents, which would currently be outside of Haringey, at rates which are not known, but are likely to be significantly increased and in provision which has not yet been identified. Extending the existing contract will also ensure that residents currently living in this home will not have to be moved to alternative accommodation.
- 4.2. A second option would be to tender for an equivalent scale block contract for the provision of a local nursing home. There is no other nursing home in the sub-region or close enough to the Haringey borders to be considered fully local. In addition, there are insufficient grounds for the Council to seek to move any resident from the provision currently delivered by Magicare Limited given their level of vulnerability and frailty.

5. Background information

- 5.1. The Care Act 2014 places a duty on local authorities to facilitate and shape their market for adult care and support as a whole, so that it meets the needs of all people in their area who need care and support, whether arranged or funded by the state, by the individual themselves, or in other ways.
- 5.2. Extending the block contract with Magicare Limited is an important means of securing local beds for differing levels of nursing care and to ensure access to local nursing is protected for Haringey residents. Because of their consistently Good CQC rating, and the only nursing provision with a Good rating in Haringey, the Council is actively using this provider.
- 5.3. The Council has been working closely with the provider over a number of years, including throughout the Pandemic, to sustain improvements in the quality of care provided and will continue to monitor the contract closely to ensure high quality standards and the achievement of outcomes for residents.
- 5.4. Officers have been working with colleagues across North Central London to secure capacity and to ensure standards remain at Good or Outstanding across nursing and residential care. Should at any point in the future the Council not be able to fill all block contracted beds for Haringey residents, the relationship with colleagues across North Central London is such that arrangements to share access to the provision could be arranged, and at pace reducing the risk of bed voids.
- 5.5. There continues to be generally high demand and limited capacity for nursing placements in the sub-region. The ability to block purchase nursing care placements is one way in which the Council can maintain a fair price for care and ensure local capacity in these areas. The Council is also developing additional capacity in-borough for nursing care through a major redevelopment at Osborne Grove Nursing Home which is currently planned to open in Autumn/Winter 2024. It is expected that this development will include 70 Nursing home beds alongside other services.

6. Contribution to strategic outcomes

- 6.1. The Borough Plan sets out the Council and partners' approach to ensuring that strong families, strong networks and strong communities nurture people to live well and achieve their potential through a range of partnership approaches, focused on meeting the specific needs of residents. The proposals here align with that approach by maintaining a focus on local, quality provision for older people as they become more frail.

7. Statutory Officers comments

7.1. Finance

The proposal is seeking to extend the nursing bed block contract for a period of 24 months from 1 Nov 2022 to 31 Oct 2024 and also to uplift the bed price from £969.10 to £1033.66 per week from the 1 Apr 2022. Listed below is the available budget and expenditure following the proposed changes.

Revenue Expenditure

Magicare at PWH	2022/23 £	2023/24 £	2024/25 £	Total £
Gross Budget	1,357,184	3,150,835	1,837,987	6,346,006
Gross Expenditure	1,484,299	3,278,770	1,912,616	6,675,684
Variance	127,115	127,935	74,629	329,678
Of which FNC	69,337	69,784	40,707	179,828
Pressure	57,778	58,151	33,921	149,850

The maximum contract value is £6,693,339 against a budget of £6,375,478, which creates a potential pressure of £149,850 over the contract period. This is the result of the uplift to £1033.66 exceeding the budgeted uplift of 2.5%.

7.2. Procurement

- 7.2.1 The nursing provision referred to in this report is within remit of the Light Touch Regime of the Public Contracts Regulations 2015. The contract was directly awarded to Magicare Ltd in line with Regulation 32
- 7.2.2 A contract modification will often necessitate a new procurement process. However, under Regulation 72 contract modifications may be permitted without a further tender process providing inter alia, that the modification was included in the initial procurement documents like the proposed extension period (72.(1)a) or that that the modification is minor i.e. that the additional cost is below threshold and less than 10% of the original price as is the additional cost re inflationary pressures (reg 72 (1) (f))
- 7.2.3 The requested variations are permitted under Contract Standing Order 10.02.1b and CSO 16.02 and will enable the Council to continue to deliver

much needed residential and nursing provision with a local provider at sustainable prices

- 7.2.4 During the period of extension commissioning will continue to monitor service provision to ensure resident and service outcomes are met

7.3. Legal

- 7.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

- 7.3.2 The Head of Legal and Governance (Monitoring Officer) has been advised that the original contract was awarded under Regulation 32 (negotiated procedure without publication of a notice) of the Public Contracts Regulations 2015 (the Regulations) and that the provision for the two year extension was included within the recommendations which were approved by Cabinet.

- 7.3.3 Regulation 72 sets out a list of safe harbours where a contract may be modified without conducting a further procurement exercise, providing certain criteria are met. In respect of the extension of contract, Regulation 72 (1) (a) allows for a modification where the modifications have been provided for in the initial procurement documents. In respect of the variations in price, Regulation 72 (1) (d) allows for modifications where they are both below the threshold set out in the Regulations for tendering (in this case the threshold for the Light Touch Regime) and they represent less than 10% of the original contract value). The Head of Legal and Governance (Monitoring Officer) has been advised that the criteria set out in the Regulations has been met in respect of the modifications requested.

- 7.3.4 The award of the contract is a Key Decision and, as such, must comply with the Council's governance requirements in respect of Key Decisions including publication in the Forward Plan.

- 7.4.5 The recommendations in this report would normally fall to Cabinet for approval. However, in between meetings of the Cabinet, the Leader may take the decision or allocate the decision to the Cabinet Member with the relevant portfolio (CSO 16.02).

- 7.4.6 The Head of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing the Cabinet Member for Health, Social Care and Wellbeing from approving the recommendations in this report.

7.4. Equality

- 7.4.1 The continuation of this service supports older and disabled people to benefit from a local offer which provides equality of opportunity for local residents to access the services they need.

8. Use of Appendices: N/A

9. Local Government (Access to Information) Act 1985: N/A