

Report for: Cabinet Member for Adult Social Care and Culture

Item number:

Title: **Award of a block contract for residential and nursing beds**

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Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1 This report seeks approval for the award of a block contract to Ourris Properties for 21 residential and 15 nursing beds at Autumn Gardens and Anastasia Lodge. Entering into this contract will result in the Council securing access to specialist provision as the care homes specialise in the care and support of Greek and Cypriot older people and maintaining much needed nursing care capacity within the sub-region. Entering into the contract will also support achievement of Medium Term Financial Savings targets with regarding to managing the market more efficiently.
- 1.2 The proposal is to award the contract pursuant to Regulation 32(2)(b)(ii) of the Public Contracts Regulations 2015. Regulation 32(2)(b)(ii) allows the award of a contract by a negotiated procedure where the services can only be supplied by a particular economic operator where competition is absent for technical reasons, and no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

2. Cabinet Member Introduction

- 2.1. I support the proposal to establish a block contract which will both secure capacity for nursing and residential care and enable specialist provision to be available to Haringey residents.
- 2.2. In addition, the Medium Term Financial Strategy sets out clear targets to be achieved through managing the market more efficiently and this arrangement will contribute directly to meeting these targets.

3. Recommendations

- 3.1. That pursuant to Contract Standing Order 16.02 the Cabinet member for Adult Social Care approves the award of a contract to Ourris Properties Limited for the block purchasing of 36 beds for an initial period of 2 years, with the option to extend the contract for a further 1 year with a maximum contract value of £4,551,300.

4. Reasons for decision

- 4.1. The market for residential and nursing care is largely a sub-regional one and the Council commissions nursing and residential 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 specialist needs.
- 4.2. 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. Many placements are commissioned on a spot purchase basis, but the proposal set out here – to continue and expand a block contract – reflects the need to maintain capacity for a particular cohort of the population, notably Greek and Cypriot older people, and to ensure best value in commissioning this provision.
- 4.3. The care homes at Anastasia Lodge and Autumn Gardens offer culturally specific provision, catering largely – but not exclusively – for residents of Greek or Cypriot heritage. They are the only residential and nursing homes in the sub-region offering such specialist provision and Haringey has considerable demand for such placements.
- 4.4. The proposed arrangements will yield efficiencies in commissioning costs by securing a reduced purchasing rate per placement through a block contract as compared to existing spot placement rates. The new contract will replace the existing block contract lapsing on 4th November 2017 achieving an immediate saving of £45,000 in a full year and £18,750 for the financial year 2017/18, as the contract will replace existing spot placement contracts with the provider. This saving could increase to £80,000 per annum should the Council access the remaining 8 beds offered within the block.
- 4.5. As well as securing both nursing and residential care provision for the future, the arrangement also ensures that commissioning rates for existing residents can continue to deliver best value.

5. Background Information

- 5.1. Autumn Gardens and Anastasia Lodge are two care homes based in Enfield catering specifically to meet the needs of Greek and Cypriot older people. The Council currently has 28 placements in this home, of which 16 are Greek and Cypriot residents.
- 5.2. The Council currently has a block contract for 8 residential care beds at Anastasia Lodge. The remaining 20 placements in the home are commissioned

on a spot basis. The provider has recently called notice on the block contract which now lapses on 4th November. In essence if the Council does not establish a new block arrangement with the provider when this arrangement lapses, or agrees to pay an increased spot rate (at approx £200pw more per resident based on average current spot rate), the provider may seek to call notice on these placements and the Council will have to find alternative accommodation for the residents.

- 5.3. In line with MFS1 savings targets in relation to market efficiencies the Council has a need to yield savings against commissioning placement costs.
- 5.4. To do so the Council is seeking to establish a new block contract with Ourris Properties to both replace the existing block contract with Anastasia Lodge and convert the existing spot placements at both Ourris Properties homes into a block at a reduced rate. The intention here is to secure supply of beds for a specific cultural group (Older Greek & Cypriot residents) and protect the potential loss of supply which would result in allowing the existing block contract with Ourris Properties to lapse without replacement. Autumn Gardens and Anastasia Lodge currently meet 80% of demand for care home placements for Greek and Cypriot residents. They are the only two specialist homes for this cultural group the Council is actively using. The market in these services is very limited and there is no other Greek & Cypriot older peoples care home sub-regionally.
- 5.5. The Council is also seeking to block commission an additional 8 nursing placements with this provider on top of the existing placement levels as and when they become available (i.e. the Council will only pay the provider for these beds when the Council begins to place with them). The reason for this is that there is limited specialist care home alternatives for this client group and demand for nursing care is increasing.

6. Alternative options considered

- 6.1 The alternative options available to the Council are to either 'do nothing' or to conduct an open tender arrangement to commission a new block arrangement. The reasons these options are not being considered is noted below:
 - 6.1.1 The first option, to 'do nothing', would result in the existing block contract with Anastasia Lodge lapsing and the Council having to either pay an increased spot rate to the provider or find alternative accommodation for the residents. Either option would create issues, be that a budget pressure for the former, or significant disruption to residents for the latter. Doing nothing and allowing the block contract to lapse may also deprive the Council of being able to offer other Greek & Cypriot residents the choice of living in a culturally specialist care home; whereas a block would secure supply and allow the Council to do so.
 - 6.1.2 The second option is for the Council to seek approval to renew the block contract for the 8 residential beds and retain the existing spot arrangements as is for the remaining placements. This is not considered a cost effective option.

6.1.3 The third option is for the Council to establish a new block contract but via an open tender process. This has not been pursued for the following reasons:

- a. There is a limited market in culturally specialist provision for Greek & Cypriot older people. The provider is the only specialist care home provider the Council has placements with, and there are no care homes of a similar size sub-regionally (i.e. within North Central London) capable of meeting a requirement to support 28 residents. This has been established through market engagement conducted by the commissioning unit. There are culturally specialist providers that operate outside of this geographical area but establishing a contract with these organisations would result in the Council needing to move people out of area, which may prove disruptive to residents. Given the state of the market therefore there is no realistic alternative to awarding the contract to Ourris Properties.
- b. Further to the last point, the chief reason why an alternative provider is not being sought is that establishing a new block contract with another home to replace the existing 28 placement agreements would result in needing to move the residents to another home. Even if there is capacity in the market to meet this need this would prove very disruptive to residents, contrary to the wishes of relatives and families and would also run counter to the principles in the Care Act (2014) to offer choice and control to residents.

7. Contribution to strategic outcomes

- 7.1. The project is directly linked to delivery of the Corporate Plan, in particular Priority 2 'Empower all adults to live healthy, long and fulfilling lives'.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1. Finance

- 8.1.1. Adults Social Care reported an adverse variance of £1.5m at period 6 2017/18 with underlying pressure of £2m on care package budgets.
- 8.1.2. Reconfiguration of these contracts for the provision of 21 residential and 15 nursing beds, will generate annual savings of £45k through paying a weekly block rate which is lower than the current spot rate.
- 8.1.3. The department will monitor usage of the contract to ensure that capacity is fully utilised and minimise the risk of payment for void beds.

8.2. Procurement

- 8.2.1 Strategic Procurement has been consulting with the service area in respect of the recommendations contained within this report.
- 8.2.2 Strategic Procurement is satisfied the use of Regulation 32 (Negotiated Procedure without Publication) is justified for the reasons stated in section 6 above, with particular reliance on alternative sub-regional provider in the market

that can meet the specialist cultural needs relating to residential and nursing care for older Greek and Cypriot residents. Strategic Procurement believe the criteria for the use of Negotiated Procedure without Publication can be met on the following grounds:

- Regulation 32(2)(b)(ii) – *Competition is absent for technical reasons*
- Regulation 32 (9) - *Additional ground relevant to new works or services which repeat similar ones*

(9) The negotiated procedure without prior publication may be used for new works and services consisting of the repetition of similar works or services entrusted to the economic operator to which the same contracting authority awarded an original contract, provided that such works or services are in conformity with a basic project for which the original contract was awarded following a procedure in accordance with regulation 26(1) and (2).

8.2.3 The approach being adopted in securing block contracts for some care related services is consistent with the medium term procurement strategy for this category. Securing this block contract avoids approximately £750k of additional cost compared to spot purchases.

8.3. Legal

7.3.1 The Assistant Director of Corporate Governance notes the contents of the report.

7.3.2 The recommendation to award the contract to Ourris Properties is based on a negotiated procedure without notice. This is on the ground there is an absence of competition for the relevant services for technical reasons. This is a permissible ground for award of a contract without a tender under Regulation 32(2)(b)(ii) of the Public Contracts Regulations 2015.

7.3.3 Please see legal comments in the exempt part of the report.

8.4. Equality

8.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.4.2 Establishing a block contract with Ourris Properties for provision at Autumn Gardens and Anastasia Lodge will secure supply of culturally specific Greek & Cypriot residential and nursing care which will ensure to a greater extent that this is available as a choice to residents from this group requiring a care home placement. There is a large Greek and Cypriot community in Haringey and therefore there is a demand for these placements.
- 8.4.3 Renewing the existing contract will also ensure that Greek & Cypriot residents currently living in these homes will not have to be moved to alternative accommodation and will be able to access relevant cultural services.
- 8.4.4 The renewing of the existing contract will require the home to continue to comply with policies to prohibit discrimination, harassment and victimisation.

9. Use of Appendices

- 9.1. None

10. Local Government (Access to Information) Act 1985

- 10.1. Not Applicable