

Report for: Cabinet, 8th October 2019

Title: Block contract for the provision of nursing home beds

Report authorised by: Charlotte Pomery, Assistant Director Commissioning

Lead Officer: Farzad Fazilat, Head of Brokerage and Quality Assurance

Ward(s) affected: All

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

1. Describe the issue under consideration

1.1 This report seeks approval to award a block contract to Magicare Limited for 61 nursing beds from 1st November 2019 to 30th October 2022, with the option to extend for a further 2 years in 12-month intervals at the rate of £950 per week.

2. Cabinet Member Introduction

2.1 I present this report which secures nursing home provision for local residents in-borough for the next three years at a sustainable rate. This block contract will ensure we have high quality local provision, offering local employment and opportunities for career progression ensuring older people can remain in their local communities as far as is possible.

3. Recommendations

3.1 That, pursuant to Contract Standing Order 10.02.1b, Cabinet approves the award of contract to Magicare Limited for 61 nursing beds from 1st November 2019 to 30th October 2022, with the option to extend for a further 2 years in 12-month intervals, at the rate of £950 per week. The total cost of the contract over 5 years would be £15,412,751.

4. Reasons for decision

- 4.1 The market for residential and nursing care is very tight at the moment and demand in the the sub-region (Barnet, Camden, Enfield, Haringey and Islington) outstrips the supply of nursing beds. Priscilla Wakefield House is one of only two nursing homes in Haringey and the only one which is currently rated at Good or above. The home is rated 'Good' by the Care Quality Commission (CQC), and was recently named as one of the prestigious and innovative new cohort of 'teaching care homes' by the Foundation of Nursing Studies: <https://www.fons.org/resources/documents/Teaching-Care-Homes/TCH-Yr-3-Teams-Announced.pdf> The selection of Priscilla Wakefield House as a teaching care home, is a mark of the confidence placed by the Foundation of Nursing Studies in the quality of leadership and management at the Home.
- 4.2 Councils have a duty to shape their local marketplace and offer choice to local residents. Establishing a block contract with Magicare Limited is an important means of securing local beds for Haringey residents. The only other nursing home in Haringey is currently under a temporary embargo as a result of concerns notified by the CQC. There is no other home in the sub-region able to provide this number of beds to Haringey Council.
- 4.3 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. Many placements are commissioned on a spot purchase basis, but the proposal set out here – to continue and expand a block contract – reflects the desire to maintain capacity in Haringey and to ensure best value in commissioning this provision. The Council has been working closely with the provider over a period 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.
- 4.4 As well as securing nursing care in Haringey provision for the future, the arrangement also ensures that commissioning rates for existing and future residents can continue to deliver best value and be maintained at an affordable rate.
- 4.5 The Home is a significant local employer and has participated fully in the development of the North Central London Proud to Care Portal which seeks to attract a more diverse range of people, including young people, to join the care sector and to ensure a stronger focus on skills development and career progression. This has involved working closely with the local further education sector to grow skills and knowledge and to present the care sector as an attractive career route. As a teaching care home, the only one in London, the potential for the Home to develop the skills of local residents as valued employees in the care sector and to offer a strong social value package is being included in the contract arrangements. In line with the Council's approach to Community Wealth Building, the Home offers a range of benefits to local residents keen to join the care sector as well as to potential residents and their carers and contributes to the local Haringey economy.

4.6 There are 77 Haringey residents currently living at Priscilla Wakefield House, delivered by Magicare Limited. They are all extremely vulnerable and frail and many are very elderly. It would not be possible to find alternative nursing care accommodation in the borough for these residents, or in boroughs adjacent to Haringey, where existing residents would be able to live together and to receive the same quality of care.

5. Alternative options considered

5.1 One alternative option is for the Council to 'do nothing' which will see the continued reliance on spot purchases and the risk of a significant increase in expenditure over the proposed 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.

5.2 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, however, which can put forward a tender proposal at the scale required 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 delivered by Contractor A given their level of vulnerability and frailty.

6. Background information

6.1 In line with Medium Term Financial Strategy savings targets in relation to market efficiencies, the Council has a need to yield savings against commissioning placement costs. As part of the approach to achieving these savings, the Council is seeking to establish a new block contract with Magicare Limited. 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. 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 already. The market in these services for older people is very limited subregionally given other pressures on land, the high cost of land acquisition and the .

6.3 There continues to be generally high demand and limited capacity for nursing and residential care 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. As agreed by Cabinet in July 2019, the Council is also developing additional capacity in-borough for nursing care through a major redevelopment at Osborne Grove Nursing Home which is planned to come on stream in 2022.

6.4 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 provision and this proposal is an output from this collaborative work. 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.

7. Contribution to strategic outcomes

7.1 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 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 the specific cultural needs of older people as they become more frail.

8. Statutory Officers comments

8.1 Finance

8.1.1 This report is seeking to award a contract to Magicare Limited operating Priscilla Wakefield House for 61 nursing beds at a weekly rate starting at £950. The annual value in the first year will be £3,021,513.

Provider	Weekly Cost per bed	number of beds	cost for year 1
PWH	950	61	£ 3,021,513

8.1.2 The contract value is enabled to increase by 1% per year. The total contract value should the contract be in operation for 5 years would be £15,412,751 as shown in the table below:

	Annual contract values £
Year 1	3,021,513
Year 2	3,051,728
Year 3	3,082,245
Year 4	3,113,067
Year 5	3,144,198
Total contract value	15,412,751

8.1.3 The proposed rates compare favourably with the current spot contract rates. In order for value for money to be achieved vacant beds are prioritised to be filled as all 61 beds are payable whether or not they are filled. The negotiated rates can be met from existing agreed budgets.

8.2 Procurement

8.2.1 This contract is within scope of the Light Touch Regime of the Public Contracts Regulations 2015. As the value of the contract is above threshold it would normally require an advertisement in the Official Journal of the European Union

8.2.2 However, under Regulation 32 of the Public Contracts Regulations 2015, it is permissible to let a negotiated contract without the requisite advertisement if there are cogent reasons including that competition is absent technical reasons. As commissioning asserts there are no reasonable alternatives or substitutes for this provision in borough or the surrounding boroughs, there appears to be a genuine absence of competition, which is not due to the artificial narrowing of down of the parameters of procurement and is outlined in 4 above.

8.2.3 Strategic Procurement's further comments are contained in Part B of this report.

8.3 Legal

8.3.1 The Assistant Director of Corporate Governance notes the content of this report.

8.3.2 Pursuant to the Council's Contract Standing Order (CSO) 9.01.2(g) and Regulation 32 of the Public Contracts Regulations 2015, the Council may procure a contract through the negotiated procedure without prior publication of an advertisement following consultation with the Head of Procurement.

8.3.3 Pursuant to CSO 9.07.1(d), Cabinet may approve the award of a contract if the value of the contract is £500,000 or more and as such Cabinet has power to approve the award of the Contract in this Report.

8.3.4 The Assistant Director of Corporate Governance further comments are contained in Part B of this 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.

8.4.1 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 This report seeks approval for the award of a block contract to Magicare Limited for nursing beds over a three year period. It represents a step to meet the needs of older Haringey residents with various disabilities and/or long-term health conditions. In addition, women and those from BAME communities are likely to be over-represented among those affected by the decision.

8.4.3 There is no indication that service users will experience any change in the service they receive, and so it is not reasonably foreseeable that this decision

could result in any negative impact for any individual or group who shared the protected characteristics. The report notes at paras 4.7 that the provision is rated as 'Good' by the CQC.

8.4.4 The Public Sector Equality Duty applies to private and voluntary sector organisations carrying out public functions. Magicare Limited, as a contracted provider to the local authority, will be expected to have due regard to the need to achieve the three aims of the general equality duty, noted above, in the exercise of all functions. They will be expected to demonstrate a strong commitment to making Haringey a fairer and equal borough for all. Equalities considerations will form part of performance monitoring and oversight.

9. Use of Appendices: N/A

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