

Report for: Cabinet, 8th October 2019

Title: Extension and Variation of block contracts for residential and nursing care 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 vary and extend existing block contracts with Ourris Residential Homes Ltd for 18 residential beds at Anastasia Lodge and with Ourris Properties Ltd for 21 nursing care beds at Autumn Gardens, as allowed under CSO 10.02.1(b), which provides that Cabinet may authorise a variation and/or extension of contracts valued above £500,000 (five hundred thousand pounds) subject to satisfactory outcomes monitoring.
- 1.2 Extending these contracts will maintain access to specialist provision as the care homes specialise in the care and support of Greek and Cypriot older people and maintain much needed nursing care capacity within the sub-region. The extension will also maintain certainty over price, which secures sustainable prices for placements for Haringey residents.

2 Cabinet Member Introduction

- 2.1 This proposal to continue these block contracts will both secure capacity for nursing and residential care and most importantly enable specialist provision to be available locally to Haringey residents.
- 2.2. In addition, in the challenging financial environment, this proposal supports efficient market management and an ability to maintain costs in a planned way.

3 Recommendations

3.1 Cabinet is asked to approve:

3.1.1 pursuant to Contract Standing Order 10.02.1(b), the variations to allow a further extension period of one year in order to execute a 2 year extension of the contract with Ourris Residential Homes Ltd for 18 residential beds at Anastasia Lodge and a 2 year extension of the contract with Ourris Properties Ltd for 21 nursing care beds at Autumn Gardens.

3.1.2 the commencement of the extension period to start on 28th November 2019 and run to 27th November 2021.

3.1.3 the value of the block contract with Ourris Residential Homes Ltd for the provision of care at Anastasia Lodge over the 2 year extension period at £1,400,272, bringing the total value of the contract to £2,695,430, over the four year period.

3.1.4 the value of the block contract with Ourris Properties Ltd for the provision of nursing care at Autumn Gardens over the 2 year extension period at £2,244, 628, bringing the total value of the contract to £4,489,256 over the four year period.

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 two existing block contracts – 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 Anastasia Lodge and Autumn Gardens are homes which 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 Due to the unique position in the market the Council awarded a block contract to Ourris Properties for a period of 2 +1 years in November 2017 to cover nursing care beds and to Ourris Residential Homes Ltd for the same period for residential care beds. The contracts will expire on 27th November 2019.

4.5 Approval is sought to vary the contracts so that the extension period runs to 27th November 2021 and so that the annual value can be increased from £1,769,893 per annum to £1,822,450 per annum which represents a 3% increase overall for the two contracts.

- 4.6 The costs for residential care will increase from £690 per week to £746 per week. Extending the contracts for a 2 year period will hold these rates for the Council which compares favourably with the rate for spot purchasing this type of care, which is £1400 per week for nursing care and £800 per week for residential care.
- 4.7 The Council has managed two block contracts with these providers for the last year and has maintained very high levels of occupancy, with the home rated 'Good' by the Care Quality Commission (the CQC) throughout this period with consistently good levels of quality.
- 4.8 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 Alternative options considered

- 5.1 An option is for the Council to 'do nothing' and let the contracts lapse at the end of the period. This would result in the existing block contracts with the provider lapsing and the Council having to either pay an increased spot rate to the provider or find alternative accommodation for the residents, which are likely to be at significantly increased rates. Either option would create issues, be that a budget pressure for the former, and significant disruption to residents for the latter. Doing nothing and allowing the block contracts to lapse would 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.
- 5.2 An alternative option is for the Council to extend the contracts for 1 year only which is compatible with the provisions of each of the contracts regarding extension. Given the pressure on capacity and the requirements to safeguard provision for this cohort of residents going forward, the Council is keen to optimise the opportunities of the block arrangements for the additional period as set out in this report.

6 Background information

- 6.1 Haringey Council has operated a block contract arrangement with Ourris Properties and with Ourris Residential Homes Ltd for a number of years to provide nursing and residential provisions with a cultural specialism. These contracts are due to expire on 27th November 2019. Anastasia Lodge and Autumn Gardens are two care homes based in Enfield catering specifically to meet the needs of Greek and Cypriot older people.
- 6.2. 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 both Ourris Residential Homes Ltd and Ourris Properties Ltd. 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 contracts with Ourris Residential Homes Ltd and Ourris Properties Ltd to lapse without

replacement. Anastasia Lodge and Autumn Gardens currently meet 80% of demand for care home placements for Greek and Cypriot residents. Because of their consistently good Care Quality Commission (CQC) rating and their proximity, they are the only two specialist homes for this cohort of the population which the Council is actively using. The market in these services is very limited and there are no other provisions specifically meeting the needs of Greek and Cypriot older people subregionally.

- 6.3 There continue to be generally high demand and limited capacity for nursing and residential care placements in the sub-region. The ability to block purchase nursing and residential 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.

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 vary the rates and extend by 1 year the existing block contract to Ourris Residential Homes Limited at Anastasia Lodge for 18 residential beds to make a total contract value for the four years of £2,295,430; and to extend the existing block contract to Ourris Properties Limited at Autumn Gardens for 21 nursing beds to make a total contract value over four years of £4,489,256. The proposed contract rates are detailed in the table below.

Ourris Residential Homes Limited: Anastasia Lodge - 18 Residential beds						
	Gross		Net	Beds	Annual value	Value for 2 years
Original contract	690.00	-	690.00	18	£ 647,579	£ 1,295,158
Proposed extension & variation	746.00	-	746.00	18	£ 700,136	£ 1,400,272
Proposed total contract value						£ 2,695,430
	Annual increase in contract value				£ 52,557	
	Percentage increase annualised for extension 2 years				4.1%	
Ourris Properties Limited: Autumn Gardens - 21 Nursing beds						
	Gross	FNC*	Net	Beds	Annual value	Value for 2 years
Original contract	1,025.00	165.56	859.44	21	£ 1,122,314	£ 2,244,628
Proposed extension	1,025.00	165.56	859.44	21	£ 1,122,314	£ 2,244,628
Proposed total contract value						£ 4,489,256
	Annual increase in contract value				£ -	
	Percentage increase				0%	
*FNC = Funded Nursing Care contribution from health						

8.1.2 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 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 These contracts are within scope of the Light Touch Regime of the Public Contracts Regulation 2015 and variation of the contracts is permitted under Clause 36.1 of the Contracts between the Council and Service Providers both dated 6th December 2017 and Regulation 72(1)(e) of the Public Contracts Regulations 2015.

8.2.2 This request is also compliant with CSOs and the Procurement Code of Practice. Anastasia Lodge and Autumn Gardens have been providing a good, culturally specific service which serves the borough's large Cypriot community. Moreover buying block beds enables the Council to secure the supply of limited nursing and residential provision in a time of high demand whilst obtaining best value.

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) 10.02.1(b), Cabinet may approve the variation and extension of a contract if the value of the variation or extension is £500,000 or more.

8.3.3 Regulation 72(1)(e) of the Public Contracts Regulations the Council permits the Council to vary the provisions of a contract where the variation to be made is not substantial and the Assistant Director of Corporate Governance considers the variation to the contract in this report not to be substantial.

8.3.4 The Assistant Director of Corporate Governance's 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 Establishing a block contract with Ourris Residential Homes Ltd for provision at Anastasia Lodge and with Ourris Properties Ltd for provision at Autumn Gardens 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 contracts 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 contracts will require the home to continue to comply with policies to prohibit discrimination, harassment and victimisation.

9 Use of Appendices

10 Local Government (Access to Information) Act 1985