



## Report to Leader

<b>Date:</b>	<b>13 September 2022</b>
<b>Reference number:</b>	HW05.22
<b>Title:</b>	<b>Procurement of care services at Hazelmere Lodge Care Home and St James extra care setting</b>
<b>Cabinet Member(s):</b>	Councillor Angela Macpherson
<b>Contact officer:</b>	Tracey Ironmonger Service Director integrated Commissioning
<b>Ward(s) affected:</b>	All

*There are confidential appendices to this report which are exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information).*

### **Recommendation**

- 1. To procure care services at Hazelmere Lodge Care Home and St James Extra care setting on a 3+2-year block contract**
- 2. To include a 'cap and collar' approach of £2.022m-£2.421m per year (plus inflationary uplift) in the tender documents**
- 3. To delegate the decision to award the contract to the successful bidder to the appropriate authorised officers in accordance with the financial scheme of delegation**

### **Reason for decision:**

To maintain needed residential capacity within the market specifically nursing and extra care provision. A block contract is the recommended option because it is attractive to the provider market as it is guaranteed business and it meets the Council's five procurement objectives, with a shorter contract length meaning that future purchasing can be through

the Dynamic Purchasing Vehicle (DPV) which is line with the Council's long-term commissioning strategy.

## **1 Executive summary**

- 1.1 The Council has agreed the withdrawal of Ambient from providing care at Hazlemere Lodge Care home and St James extra Care setting by March 2023. The Council currently has a block contract with Ambient Support which provides needed capacity for Nursing, Residential and Extra Care provision. Any such agreement is 'subject to contract'.
- 1.2 Following a review, the Council have agreed that the setting should remain open and delivering care to maintain capacity within the market and to achieve this is undertaking a re-procurement. The Landlord is willing to remain and work with the Council and a new provider.
- 1.3 A soft market testing through a request for information shows that providers see a short-term block contract between 3-5 years as a benefit. A short block contract enables the Council to increase the potential success of the re-procurement but also develop the future strategy to purchase care through a Dynamic Purchasing Vehicle (DPV).
- 1.4 The recommended option achieves five main aims of the re-procurement:
  - to keep residents in their home and receiving good quality care
  - retains capacity within the market for the Council
  - provides value for money
  - is compliant with procurement regulations and aligns with the Councils future commissioning strategy
- 1.5 The recommendation is to procure a 3+2 year block contract with a 65/35 quality/finance split with a maximum £12.105million budget envelop for 5 years (excluding inflation).

## **2 Background**

- 2.1 Hazlemere Lodge is a 64-bedroom residential care home located in Hazlemere, near High Wycombe. St James Court, a 12-unit Extra Care setting is located on the third floor of the same building. The settings are both run by Ambient Support and the site is owned by a separate landlord – Riverside. The Council has 32 Elderly Nursing and 16 Residential block beds in Hazlemere Lodge and all 12 units of Extra Care as part of the wider block contract with Ambient. The remaining 17 beds in Hazlemere Lodge are available for self-funders. Further information relating to the lease arrangements is set out in **section 1.2 and Section 4** of the confidential appendix.

- 2.2 A soft market testing exercise through a request for information shows that providers see a block contract as a benefit with the preferred term between 3 and 5 years to enable them to establish themselves within the market. Providers also felt that the available self-funder beds was a benefit. The Council's intention in the future is to use a Dynamic Purchasing Vehicle (DPV) as a mechanism for procuring care, this is currently in development and so a block contract is needed until it is established.
- 2.3 Riverside have confirmed that they will remain the registered landlord and work with a new provider and the Council. Further information relating to the lease arrangement is set out in **section 1.2 and section 4** of the confidential appendix.
- 2.4 In tendering for a new provider, there are five main priorities for the Council, and the recommended option achieves all five:
1. Will residents be able to stay in their home and receive good quality care?
  2. Are we maintaining capacity within the market for the Council?
  3. Is our approach in line with the Council's future Commissioning strategy?
  4. Is it cost effective for the Council?
  5. Is our approach compliant with procurement regulations?

### **3 Other options considered**

- 3.1 The other options considered are set out in **section 2** of the confidential appendix. The recommended option has been determined to be the best way to manage risk. It takes account of the needs of service users and provides the best value for money.
- 3.2 The recommended option is a Short, (3+2 years) block contract with a new lease negotiated. This retains capacity within the market whilst a new provider establishes themselves and allows the Council to move to the DPV as the main vehicle of procurement when the contract ends. At the end of the term all new placements could be purchased through the DPV with remaining placements transferred to spot contracts until the bed becomes vacant.
- 3.3 The bed mix will remain the same as it is currently with 32 nursing beds and 16 residential beds under a block contract for 3+2 years. This retains capacity within the market for the Council specifically for Nursing provision. The remaining 16 beds are available for self-funders. The contract will include the use of a dependency tool, a void sliding scale and a description of how voids are managed in terms of dispute resolution. The detail is being worked through using our lived experience and learning from other block contracts. The contract will include an annual uplift for inflation, details are contained in **section 2.7** of the confidential appendix.
- 3.4 We are proposing a cap and collar budget because it is more attractive to potential bidders, we have two different bed rates within our current block contracts and the

soft market testing provided information on bed rates in other areas where providers have block contracts. A cap and collar enables potential bidders to be competitive and offer a fair bed rate.

#### **4 Legal and financial implications**

##### **Financial implications**

- 4.1 The current cost of the provision of beds within Hazelmere varies depending on the occupancy level within the setting.
- 4.2 The proposal for a cap and collar approach of between £2.022m-£2.421m per year (plus inflationary uplift) for 60 beds (32 Nursing, 16 Residential and 12 Extra Care) should represent value for money depending on the level of voids and final voids sliding scale and a saving compared to purchasing the same number of beds at the average spot rate.
- 4.3 Further financial information is held in **section 3** of the confidential Appendix

#### **5 Legal**

- 5.1 The recommended option to procure a new care provider through a competitive tender is in line with Procurement Regulation.

#### **6 Corporate implications**

- 6.1 **Property:** The landlord is remaining and has agreed to work with the Council and a new Provider. Further information regarding property is set out in **section 4** of the confidential appendix
- 6.2 **HR:** There are TUPE considerations which will be addressed through a transfer from Ambient to a new provider. Options for staff to transfer to another home should also be considered.
- 6.3 **Climate change and sustainability:** None
- 6.4 **Equality:** An Equalities Impact Assessment has been completed. There are no significant impacts as the service remains unchanged.
- 6.5 **Data:** Contractual arrangements with Ambient set out how data, information and records should be managed in the case of a transfer to an alternative provider. These arrangements will be overseen by the Commissioning Service through any transition period.

## **7 Local councillors & community boards consultation & views**

- 7.1 The setting is in the ward of Wycombe but the decision affects all of Buckinghamshire as residents from anywhere could be placed at the settings. Angela Mcpherson deputy Leader and Cabinet Member for Health and wellbeing has been involved through briefings and reports to the Adults and Health Board. Local Councillors have been informed of Ambient's decision to withdraw from providing care and will continue to be updated.

## **8 Communication, engagement**

- 8.1 A request for information was sent out to potential providers and the responses have informed the proposed approach.
- 8.2 A communication subgroup was formed to develop and manage the communication regarding Ambient's withdrawal to residents, tenants, family members, next of Kin, and internal Council staff. An announcement was made through various communication forums through the week beginning 6<sup>th</sup> June 2022.
- 8.3 If the recommendation is accepted a communication plan will be put in place during the implementation period to ensure that residents, tenants, families, Next of Kin and Power of Attorney are kept informed about the new provider of care.

## **9 Next steps and review**

- 9.1 If the recommended option is agreed the next steps will be to go out to competitive tender in September 2022 with a new contract in place in March 2023. Ambient's exit from Hazelmere has been agreed for March 2023 'Subject to Contract'.

## **10 Background papers**

- 10.1 None

## **11 Your questions and views (for key decisions)**

- 11.1 If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by telephone 01296 382343 or email [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk).