Older People Residential and Nursing (OPRN) Care Homes Recommission Project

Business Case

Senior Responsible Owner: Paula Parker

Project Manager: Louise White

Portfolio: Adult Social Care

Version Number: 1.0

Purpose: The purpose of the Business Case is to provide justification for undertaking the Older People Residential and Nursing Care Transformation Project. It evaluates the Benefit, Cost and Risk of alternative options and provides a rationale for the preferred solution(s).

Version	Date	Brief Summary of Change	Owner of Change
0.1	10/02/2025	First draft	Godfrey Luggya / Joe Apea
0.2	29/02/2025	Updated draft	Godfrey Luggya/ Joe Apea
0.3	02/05/2025	Minor updates	Godfrey Luggya/ Joe Apea
1.0	16/06/2025	Final version	Godfrey Luggya/ Joe Apea

Table 1 - Version Control

A. EXECUTIVE SUMMARY

Kent County Council (KCC) seeks approval to commence a formal tender for the recommissioning of the Older People Residential and Nursing (OPRN) care service, with new arrangements to begin on 1 April 2026.

The current contract, introduced in 2016 and extended via a 24-month direct award to March 2026, operates under a Dynamic Purchasing System (DPS). While the DPS has offered flexibility, it has led to growing price variation, limited market control, and challenges in monitoring quality and performance.

Significant changes in care needs, regulatory requirements, and service costs now require a more sustainable and structured model. The proposed solution is a new Open Framework (potentially with a supplementary Dynamic Market) aligned with KCC's strategic priorities and key policies such as Framing Kent's Future, Making a Difference Every Day, and the Accommodation Strategy.

The framework will introduce five service categories to better reflect current need and improve placement accuracy: Residential, Residential High, Nursing, Nursing High, and Highly Specialised & Complex Care. It will also improve cost control by limiting price changes to once annually and expanding access to Providers through regular framework openings.

Although there is no anticipated budget reduction, continuing with current arrangements would result in a projected budget variance of £50.3m by Year 4, compared to £8.5m under the new model, representing significant cost avoidance and improved market stability.

This proposal is informed by lessons learned from previous procurements, stakeholder engagement, and relevant impact assessments. A detailed mobilisation plan will ensure smooth transition and system readiness, with a dedicated team supporting implementation and performance monitoring beyond go-live.

Council approval is sought to proceed to tender and secure a fit-for-purpose model that delivers sustainable, high-quality care and improved outcomes for Kent's older population.

B. STRATEGIC CASE

1 Project Description

In 2014, the Council re-let the then 12-year-old Residential and Nursing Care contract using a two-stage procurement process. The first stage involved a cost model review, which re-evaluated care home costs and established new guide prices for Residential, Residential High, and Nursing Care.

To support the transition and prepare both the market and the Council for the anticipated major changes linked to Phase 2 of the Care Act 2014, an 18-month contract was introduced in October 2014. This short-term contract ended on 31 March 2016.

On 1 April 2016, the current Older Persons Residential and Nursing (OPRN) Care contract commenced. It was initially set for four years, with the option of two extensions of 24 months each. Both extension periods have been fully utilised, and the contract had no provision for further extensions beyond 31 March 2024.

On 18 January 2024, the Adult Social Care Cabinet Committee approved a 24-month direct award, ensuring continued service provision until 31 March 2026.

Over the past decade there have been significant changes in care needs, regulatory requirements, workforce challenges, service delivery expectations and service costs.

This project aims to respond to Framing Kent's Future, 2022-2026, by considering the Council's priority of New Models of Care and Support by recognising the importance of health and social care integration, building effective strategic partnerships with our providers through coproduction whilst being innovative in the way we look to redesign services to improve quality and respond to budget constraints.

It is the Council's priority to establish new arrangements to continue providing affordable accommodation, care, support and stimulation to those people in the client group for whom it is appropriate, either in the short or longer term, to live in a Residential or Nursing Home setting as their own home, ensuring a sustainable local market for care services (s5 Care Act 2014).

2 Strategic Context

2.1 For all adults living in Kent who have a social care need, the aspiration is always for them to remain in their own home as far as is possible where this is

what they choose, and to build in care and support that wraps around them in their own environment. However, we recognise that this is not always possible; some people will have needs that can only be met in a bespoke accommodation setting, and some people prefer to have their needs met in an accommodation-based setting.

2.2 Residential homes and residential with nursing care homes are regulated by the Care Quality Commission. The Care Act 2014 established clear legal responsibilities for local authorities in England, the NHS, and the Care Quality Commission (CQC) to manage various aspects of the adult social care market, including need, sustainability, value for money, and integration. The recommissioning of the Older Persons Residential Network (OPRN) provision will align with Kent County Council's (KCC) four strategic priorities outlined in the Strategic Statement 2022. This process will consider the challenging post-pandemic operating environment and ensure alignment with KCC's response to government agendas impacting the county.

2.3 The recommissioning process will adhere to the principles and priorities of "Making a Difference Every Day: Our Strategy for Adult Social Care 2022 to 2027," which aims to support individuals in living safe and independent lives while engaging with their communities. The goal is to create a future adult social care market that prioritises successful outcomes through meaningful measures and innovative approaches that support strength-based, place-based practices.

2.4 The recommissioning of the Older Peoples Residential and Nursing (OPRN) provision will align with KCC's four strategic priorities outlined in Framing Kent's Future: Our Council Strategy 2022-2026, which include: -

a) Levelling Up Kent: Addressing disparities to ensure all People have access to quality services.
b) Infrastructure for Communities: Investing in infrastructure that supports community needs.
c) Environmental Step Change: Promoting sustainable practices across services.
d) New Models of Care and Support: Innovating care delivery to meet evolving needs.

2.5 Additionally, the recommissioning process will align with Kent's Accommodation Strategy to ensure older adults in Kent have access to appropriate accommodation, thereby reducing the need for residential care placements. Commissioners will adopt a collaborative approach, considering alternative pathways to minimise the reliance on residential care.

2.6 The commissioning of new services will be guided by the priorities of the Commissioning Strategic Business Plan and the Adults Commissioning Strategy, ensuring a value-for-money approach to better manage the Council's spend.

2.7 Under the government's proposals, should new authorities be established, they will require time to determine their strategic priorities. Consequently, contracts such as the Older People Residential and Nursing (OPRN) service, which deliver essential services, should be structured to continue several years into any potential new administration. However, to ensure future flexibility, the contract should include a break clause, allowing for early termination, if necessary, rather than binding the authority to the full contract term as originally intended.

3 Existing and Future Arrangements

3.1 Existing Arrangements

This current contract operates through an open Dynamic Purchasing System (DPS), which allows the Council to add new providers throughout the contract's duration, provided they meet the relevant selection criteria. The DPS opens quarterly, offering significant flexibility for the market to adjust pricing according to market conditions and client needs. Under the current Framework pricing model, Providers have the flexibility to set new 'indicative prices' twice a year, in:

- April – September
- October – March

The indicative price acts as a cap, allowing Providers to agree on a package of care price up to the set indicative value.

The contract is divided into five Lots, each with its own specifications and terms and conditions under the main contract:

- **Lot 1:** CQC Registered Residential Homes or "Care Homes without Nursing" for long-term, short-term, and respite care services.

- **Lot 2:** CQC Registered Nursing Homes or "Care Homes with Nursing" for long-term, short-term, and respite care services.
- **Lot 3:** Providers of Bariatric care services, including physical disability care.
- **Lot 4:** Call-off Block Contract for the provision of multiples of two beds for short-term respite care services across Kent.
- **Lot 5:** Residential or Nursing Care Home providers offering day services.

Lot 1 and Lot 2 constitute the core of the contract, covering residential and nursing placements. **Lot 3** addresses Bariatric and Physical Disability beds, though placements have been inconsistent due to resource limitations among providers. **Lot 4** offers a flexible block contract for short-term and respite care services, which can be utilised to respond to sudden demands, such as Winter Pressures. This lot was also used for procuring Designated Beds. **Lot 5** covers day services, which are currently underutilised, with data indicating only a small number of placements under this contract.

Currently, 70% of placements are made with Framework Providers, reinforcing the importance of the Framework in securing quality and sustainable residential and nursing care services across Kent.

3.2 Future Arrangements

To support the evolving needs of Kent's older population and ensure sustainable, quality and responsive service delivery, it is proposed that future OPRN service is commissioned through an Open Framework. This arrangement will allow the Council to admit new Providers on an annual basis, however, at inception, it may take about 18 months to open the framework at it is resource intensive, and such an arrangement would not be guaranteed straight after setting it up.

The service will be structured into clearly defined categories to support referral clarity and ensure individuals receive appropriate care. The proposed five service categories are as follows:

Residential: - For individuals who require support with personal care and daily living tasks, but do not need regular nursing care. The focus is on promoting independence and well-being in a supportive, home-like setting.

Residential High: - For individuals with more complex personal care needs and higher levels of supervision or behavioural support than standard residential care. This category supports those with significant frailty, cognitive decline, or multiple long-term conditions not requiring nursing input.

Nursing: - For individuals who require 24-hour care that includes regular or continuous input from qualified nursing staff to meet clinical needs. This includes people with chronic conditions, limited mobility, or complex medication management.

Nursing High: - For individuals with more advanced and intensive nursing needs. This includes those with multiple health conditions requiring specialised clinical oversight, end-of-life care, or those recovering from acute health episodes that necessitate enhanced medical monitoring and intervention.

Highly Specialised and Complex Care: - For individuals whose needs exceed the above categories and who require tailored care environments due to:

- Severe cognitive impairment, including advanced dementia
- Complex mental health conditions
- Bariatric care requirements
- Behaviours that challenge, beyond what can be supported in standard residential or nursing high settings

4 Business Needs – Current and Future

4.1 Kent County Council (KCC) is navigating a complex landscape in delivering Older People Residential and Nursing (OPRN) services, marked by several interrelated challenges:

a) Budgetary Pressures: In the fiscal year 2023/24, KCC experienced an overspend of £34.8 million on gross external OPRN commissioned services. Projections for 2024/25, based on November 2024 forecasts used for Q3 reporting, indicate an anticipated overspend of £19.7 million. Contributing factors include providers quoting higher prices for new placements to offset underpriced legacy placements, the flexibility afforded by the Dynamic Purchasing System (DPS) allowing providers to adjust indicative prices biannually, and inflationary pressures affecting financial sustainability across Kent and nationally.

b) Rising Demand and Complexity: According to the August 2024 “ASCH Future Demand Modelling” by Kent Analytics, the demand for Older People Long-Term Residential care is projected to rise from 2,537 individuals in April 2024 to 3,388 by April 2030. Similarly, Long-Term Nursing care demand is expected to increase from 1,163 to 1,830 individuals over the same period. This surge reflects not only an aging population but also an increase in the complexity of care needs.

c) Workforce Challenges: Providers face significant difficulties in recruiting and retaining high-quality staff, in some parts of the County, particularly in rural areas. This emphasises the need to get the pricing right to enable Providers attract and recruit staff in hard-to-reach areas.

d) Contractual Loopholes: The current Terms and Conditions lack precision, allowing providers to exploit loopholes. For instance, while providers are required to give a shorter notice for a single placement and a longer notice for multiple placements, some circumvent this by issuing multiple single placement notices, thereby avoiding the extended notice period.

e) Lack of Early Notification for Self-Funders: Presently, providers are not mandated to inform the Council when self-funding individuals are nearing depletion of their funds. This lack of early notification hampers the Council's ability to plan and ensure a smooth transition to Council-funded care arrangements.

f) The current process for conducting hospital discharge assessments and annual reviews is fragmented and often delayed, leading to extended hospital stays and inconsistent monitoring of individuals' care needs.

4.2 To address these challenges and enhance service delivery, KCC envisions the following strategic initiatives:

a) Implementing Fixed Price Banding: Introduce a pricing mechanism where providers submit prices within defined bands, binding for the contract's duration. Revisions would only occur during the Council's annual uplifts or when the framework is reopened, ensuring price stability and mitigating arbitrary cost escalations.

b) Expanding Framework Participation: Aim to increase the proportion of providers on the Council's framework from approximately 70% to 80%. This expansion will enhance quality control, ensure consistent service standards, and improve market oversight.

c) Enhancing Service Coverage: Ensure a sufficient supply of care homes within the new framework across all areas, addressing existing service provision gaps and reducing reliance on out-of-area placements.

d) Establishing Joint Brokerage with the ICB: Forge collaborative arrangements with the Integrated Care Board (ICB), enabling the Council's

Brokerage function to arrange placements on behalf of the NHS for individuals requiring Pathway 3 hospital discharge support. This collaboration aims to streamline processes and prevent price distortions.

e) Mandating Early Notification for Self-Funders: Under the new framework, Providers will be required to notify the Council at least six months in advance when a self-funder's resources are projected to deplete. This advance notice will facilitate timely assessments and funding arrangements, ensuring continuity of care.

f) Strengthening Contractual Terms: Revise Terms and Conditions to close existing loopholes, particularly concerning notice periods for multiple placements, thereby promoting fairness and operational efficiency.

g) Empowering Providers and Streamlining Assessments: Moving forward, providers will be entrusted to conduct annual reviews on behalf of the Council, ensuring timely and consistent monitoring of individuals' care needs. Additionally, providers will be expected to accept trusted assessments undertaken by the Council via Integrated Care Hubs located in each hospital or intermediate care setting. This approach aims to reduce hospital discharge delays and enhance responsiveness to individuals' changing needs, fostering a more integrated and efficient care system.

4.3 KCC aspires to establish a sustainable, efficient, and person-centred OPRN service framework characterised by:

a) Financial Sustainability: Achieving balanced budgets through controlled pricing mechanisms and efficient resource allocation.

b) Responsive Service Delivery: Meeting the growing and complex needs of the aging population with high-quality, accessible care services.

c) Robust Workforce: Attracting and retaining skilled care professionals through competitive compensation and career development opportunities.

d) Enhanced Collaboration: Fostering partnerships with health sector entities like the ICB to ensure integrated care pathways and optimized resource utilisation.

e) Proactive Planning: Implementing systems for early identification of funding transitions, ensuring seamless care continuity for individuals.

f) Transparent and Fair Contracting: Establishing clear, enforceable contractual terms that promote equity and discourage exploitative practices.

g) Integrated Assessment Processes: Empowering providers to conduct annual reviews and mandating the acceptance of trusted assessments from Integrated Care Hubs to expedite hospital discharges and adapt swiftly to individuals' evolving care needs.

Through these strategic initiatives, KCC aims to transform the OPRN service landscape, ensuring it is equipped to meet current demands and future challenges effectively.

5 SMART Objective

The recommissioning of the OPRN services is a strategic initiative aimed at ensuring that care provision for older people in Kent remains sustainable, high-quality, and responsive to evolving needs. The care sector has faced unprecedented challenges in recent years, including the impact of the pandemic, recruitment and retention pressures, increasing complexity of care needs, and rising operational costs. In response, the Council is committed to embracing innovation, strengthening partnerships, and improving outcomes for those who rely on care.

Through collaborative engagement with individuals who draw on care and support, as well as with providers, the new commissioning model seeks to:

- Support high-quality care and positive outcomes for individuals.
- Reflect the realities of delivering care today, including workforce and financial pressures.
- Encourage innovation, particularly around technology, digital solutions, and modern care practices.
- Ensure sufficient capacity across Kent, including in harder-to-reach areas.
- Foster strong, trust-based relationships between the Council and providers, supporting collaborative working and shared goals.

To operationalise these aims, the following SMART (Specific, Measurable, Achievable, Relevant, Time-bound) objectives have been established:

To operationalise a new Open Framework for OPRN with effect from 01 April 2026.

Financial Sustainability: - Reduce the annual overspend on gross external OPRN commissioned services through the implementation of fixed price banding and enhanced contract management.

Provider Framework Expansion: - Increase the proportion of providers on the Council's framework from 70% to 80% to enhance quality control and market oversight.

Workforce Development: - Collaborate with providers to reduce staff vacancy rates in OPRN services through promoting staff recruitment and development initiatives.

KCC's Innovation and Partnership Workforce Team has ongoing engagement with providers highlighting funded recruitment initiatives and resources, training and development opportunities, monthly clinical webinars, partnership activity with ICS colleagues to provide upskilling of care workers and nurses in social care, promotion of funding to support workforce development and access to the nursing associate program for providers wishing to develop their nursing teams.

A website specifically for registered managers is also in place highlighting access to training, resources, events and news items around national recruitment and retention initiatives and any impending changes in relation to workforce regulation.

Ongoing communication is in the form of a monthly newsletter, and annually there is a funded registered manager conference bringing managers and learning and development leads together to highlight the support available and discuss current areas of concern for managers.

Engagement with school and college career events, with providers, is ongoing to raise the profile of care as a career and highlight career options within the sector.

Contract Compliance: - Revise and implement new Terms and Conditions to eliminate existing loopholes such as ensuring providers adhere to standardised notice periods for placement terminations.

Early Notification for Self-Funders: - Establish a protocol requiring providers to notify the Council at least six months in advance when a self-funder's resources are projected to deplete.

Trusted Assessment Implementation: - Ensure that OPRN providers accept Trusted Assessments conducted by the Council via Integrated Care Hubs to expedite hospital discharges and address changing care needs efficiently.

Annual Care Reviews by Providers: - Empower providers to conduct annual care reviews for People who draw on care and support, ensuring timely identification and response to changing care needs.

Project Outputs & Benefits

6 Project Outputs (Deliverables)

6.1 The products, and / or service that introduces something new (a change).

Output No.	Description
1	A new OPRN Contractual Framework
2	Adoption of Trusted Assessments conducted by the Council via Integrated Care Hubs to expedite hospital discharges.
3	Annual Care Reviews by Providers as part of the new Trusted Assessor arrangements
4	Technology Integration in Care Delivery
5	Market sustainability and capacity building
6	Financial management and cost control ensuring value for money in service provision.
7	Performance monitoring and quality assurance ensuring positive outcomes for People who draw on care and support.

Table 2 - Project Outputs

7 Main Benefits

7.1 The real 'why' of the project. A project benefit is an outcome of the project that is seen as a positive change by one or more stakeholders.

Type of Benefit	Benefit

Financial Benefits (Economic Appraisal)	
Cash Releasing (£s) A benefit that produces a budget saving or generates income.	None identified: There is no anticipated reduction in the budget.
Non-Cash Releasing (£s) A benefit that produces efficiencies that can be equated to a monetary value.	• Manage anticipated growth in budget spend (cost avoidance). By implementing the new framework, the Council can avoid significant future costs. • Reduce off-contract spend by 10% Further • Contract compliance • Increase capacity across Kent • Renewed focus on outcomes to make service more person-centred by aligning with 'I' statements • Trusted Assessor model to a) reduce delayed discharges and deliver system savings b) reduce delayed reviews • Streamlined pricing for predictability, affordability, viability • Refocus KPIs on what matters • Encourage greater use of technology
Non-Financial Benefits (Benefits Appraisal)	
Quantitative A benefit that can be quantified but is not monetised.	Improved Budget Management: The new framework provides a more predictable and controlled financial environment, aiding in better budget management. Enhanced Provider Participation: By increasing the proportion of providers on the Council's framework, service quality and oversight can be quantitatively improved.
Qualitative A benefit that is hard or not possible to measure.	• Improved Quality of Care: The new framework emphasizes high-quality care and positive outcomes for individuals, enhancing their overall well-being. • Strengthened Partnerships: Fostering strong, trust-based relationships between the Council and providers supports collaborative working and shared goals. • Innovation and Modernization: Encouraging innovation, particularly around technology and modern care

	practices, ensures the service remains responsive to evolving needs. • Workforce Development: Collaborative efforts to address recruitment and retention challenges contribute to a more stable and skilled workforce.

Table 3 - Main Benefits

8 Main Risks

8.1 Please see below for the '**Top Five**' risks for the project as of May 2025. The key project risks identified are as follows:

Risk Title	Description	Mitigating Actions	Rating
Financial/Budgetary Implications	There is a high risk that in the short term that the budget for the service will increase as legacy placement may be uplifted to an appropriate level if repurchased under the new contract	Legal advice to be sought regarding legacy placements. To ensure a robust fee/costing mechanism using CareCubed that ensures an affordable cost for all placements.	25
Timescales for delivery	The timescales for delivery are very tight with little room for contingency	Report weekly on progress and escalate to Senior Managers when required regarding slippage.	15
Providers may refuse to join the framework	The providers may refuse due to unattractive prices, poor contract terms, insufficient interest, or lack of skills to manage specific needs of some people.	Robust provider engagement and ongoing discussions to ensure procurement approach is fit for purpose. Ongoing discussions around pricing mechanisms to ensure the Council offers attractive rates and terms within the Council's affordability.	12
Contract Terms and Conditions	If the new terms and condition of the contract are not robust enough, they will not address existing problems	External counsel has been commissioned to draft new Terms and Conditions.	9
Engagement from people we support	Engagement from people we support is key to ensure that the new contract delivers the care required	Utilise existing feedback, forums and groups to engage with people we support.	9

Table 4 - Main Risks

9 Main Constraints

E.g., Budget Constraints	Potential total budget for Residential Standard, Residential High, Nursing Standard and Nursing High is as follows: - Year 1: £215,789,912 Year 2: £221,881,812 Year 3: £228,145,692 Year 4: £234,586,404 Projected expenditure for Residential Standard, Residential High, Nursing Standard and Nursing High is as follows: - Year 1: £223,393,502 Year 2: £230,333,132 Year 3: £236,809,450 Year 4: £243,066,884 Projected variances to the budget under the framework are:- Year 1: - £7,603,591 Year 2: - £8,451,320 Year 3: - £8,663,758 Year 4: - £8,480,480 Estimated cost (2024/25) for Complex cases is £29,379,883 per annum. As demonstrated above, there is no anticipated reduction in the overall budget, the project aims to achieve cost avoidance. Failure to implement the new framework could result in significant budget variances escalating from £15.8 million in Year 1 to £50.3 million by Year 4. Implementing the new framework is projected to reduce these variances substantially, highlighting the importance of financial planning and control.
E.g., Quality or Performance Constraints	Planned joint brokerage arrangements are critical to ensure control of service quality and minimise price distortion.

E.g., Equipment / Resource Constraints	Allocating dedicated resources including skilled personnel and adequate funding is necessary to ensure that the project maintains momentum and adheres to its timelines.
E.g., Regulatory Constraints	With the current contract extended until 31 March 2026, the project must adhere to this timeline to ensure uninterrupted service delivery and compliance with procurement regulations.

Table 5 - Main Constraints

10 Dependencies

10.1 Joint Brokerage Project: Implementation of a fully integrated brokerage service responsible for arranging services to facilitate hospital discharges on behalf of both Health and Social Care will enhance timely hospital discharges and eliminate price distortions.

Respite, short term placements project: Implementation of this project will ensure control of the application of Additional Personalised Support. Protocol will be established to ensure that one to one hours are only agreed when necessary and for a specified period.

Affordability: It is critical to ensure that funding is available to cover projected expenditure.

11 Lessons Applied

11.1 Clearly Defined Project Scope: Established well defined project objectives and deliverables including timelines, ensuring all team members and stakeholders have a clear understanding of the goals and requirements to successfully deliver.

Early engagement: Initiated stakeholder involvement from the project's inception by establishing Task and Finish Groups, ensuring regular open communication and feedback loops with Management Teams when tackling project challenges.

Comprehensive Risk Management: Conducted thorough risk assessments during the planning phase, identifying potential challenges that could delay

realising Project objectives and deliverables. Developed proactive mitigation strategies to address these risks effectively.

Data Driven Decision Making: Implemented robust data collection and analysis mechanisms to inform decisions, ensuring transparency and accountability.

Flexibility and Adaptability in Project Planning: Adopted a flexible planning approach, allowing adjustments in response to evolving needs, stakeholder feedback, and external; factors, thereby maintaining project momentum and relevance.

12 Wider Impact Assessments

12.1 Data Protection Impact Assessment (DPIA): A Data Protection Impact Assessment (DPIA) was signed off by the Council's Corporate Director, Adult Social Care and Health on 12 March 2025. It was subsequently submitted to the Data Protection Officer (DPO) Support Team for further review prior to final approval by the Information Asset Owner (IAO). The DPO Support Team raised a few queries, which the project team has addressed. A response has been submitted, and we are currently awaiting further feedback to progress the DPIA to final sign-off.

The DPIA process has helped identify potential privacy risks linked to the recommissioning of the Older Persons Residential and Nursing (OPRN) service, particularly around the management of personal and special category data. Appropriate mitigations and safeguards are being incorporated into the design of the new commissioning model to ensure compliance with UK GDPR and the Data Protection Act 2018.

12.2 Equality Impact Assessment (EqIA): A full Equality Impact Assessment (EqIA) was completed and formally signed off by the EqIA Team on 7th February 2025. This assessment explored the potential impact of the proposed changes on individuals with protected characteristics under the Equality Act 2010. It confirmed that the new service model is designed to promote equity of access, ensure fairness in placement decisions, and address any potential disparities in service delivery across different localities in Kent.

Environmental and social value considerations are also being embedded into the recommissioning process. The Council's Social Value Policy and Sustainability Objectives will be applied to ensure the future framework supports environmentally conscious practices, including reduction of carbon emissions through localised placements, and promotes digital innovation in care planning and monitoring.

The project remains committed to complying with all relevant legal, ethical, and strategic requirements to ensure that the recommissioned service model delivers improved outcomes, value for money, and inclusive access to high-quality care.

C. ECONOMIC CASE

The purpose of the economic case is to identify the proposal that delivers the best public value to society.

OPRN Proposed Pricing Model

1. The proposed pricing model is based on the following key principles

Fair Market Rate & Sustainability: Prices should reflect the duty to ensure a sustainable local market for care services (s5 Care Act 2014), allowing providers to bid within defined price bands while enabling reinvestment in service quality.

Affordability: Services must be delivered within the Council's financial envelope to ensure long term sustainability and cost control.

Fair Returns for Providers: Ensuring providers receive a reasonable return to promote long-term sustainability.

Staffing Costs & Workforce Considerations: Rates reflect the need to retain and develop the workforce.

Clear Differentiation Between Levels of Care: Price bands are structured as Residential Standard, Residential High, Nursing Standard, and Nursing High. For complex cases, CareCubed will be used to determine fair pricing. An additional standard hourly rate will be set for additional 1:1 care where require in the short-term.

Regional Competitiveness: Ensuring rates remain competitive compared to neighbouring authorities.

Regulatory Compliance: The model adheres to the Care Act 2014, ensuring costs remain transparent and inclusive of standard care needs.

2. Structure of the Proposed Pricing Model

Providers will be required to submit prices within the following proposed price bands

Category	Proposed Weekly Rate
Residential Standard	£600 - £880
Residential High	£950 - £1,030
Nursing Standard	£1,050 - £1,090
Nursing High	£1,150 - £1,210
Complex Cases	Determined using CareCubed
Additional 1:1 Hourly Rate	£20/hr

- The model is based on snapshot data extracted from Mosaic for December 2024.
- Placements costing above £1,210 per week will be assessed individually using CareCubed to ensure fair pricing. Annual cost (2025/26) for Complex Cases is currently estimated at £29,379,883 per annum.
- Providers will be required to submit rates for each category within the bandings at defined “spinal points” yet to be determined e.g. rounded to the nearest £10 to simplify administration.
- Once submitted, rates will remain unchanged until the Framework is reopened to admit additional providers. Annual uplifts will be applied to submitted prices as per agreed mechanisms.
- Subject to legal advice, legacy placements will continue as they are and will be managed outside of the framework. However, their rates may be subject to annual uplifts at the Council’s discretion.
- Subject to legal advice, we are proposing that if the framework is re-opened and an existing Provider opts to submit a new price, this will be applicable to only new placements. We acknowledge that this could get complicated and further work is required around this otherwise opting to transfer all Provider’s existing placements from previous rounds to the new rates may be costly to the Council.
- Additional one to one hourly rate will be fixed. Currently, there are less than 10 placements where this applies.

Banding Methodology

The banding structure has been developed using the most recent Mosaic data available as of December 2024. For each category, the average cost of care was calculated and then rounded up to establish the maximum threshold for that band. These figures were then benchmarked against cost of care data, as well as pricing models used by Essex and Hampshire, with minor adjustments made to ensure clear and meaningful differentiation between categories.

To promote a fair and affordable pricing framework, a 20% reduction was applied to the benchmarked figures. This means that the upper limit of each band now represents 80% of the average cost within its respective category. This approach strikes a balance between financial sustainability and affordability, while maintaining transparency and consistency across the banding model.

3. Comparison With Other Local Authorities

Essex Pricing Model

Category	Essex Weekly Rate (£)
Residential (without nursing)	£743.54 - £877.03
Residential (with nursing)	£915.60 - £1,160.32

Essex pricing is set within geographical price ranges, but it is unclear how they manage highly specialised placements above these bandings.

Hampshire Pricing Model

Category	Hampshire Weekly Rate (£)
Residential Standard	£935 - £1,040
Residential Enhanced	£1,040 - £1,145
Nursing Standard	£1,090 - £1,195
Nursing Enhanced	£1,195 - £1,300
Complex	Up to £1,400 (excludes FNC)

Hampshire's pricing is slightly higher than our proposed bandings. It is also unclear how they manage complex cases above the stated rates.

How Our Model Compares

Our proposed bandings align closely with Essex but are slightly lower than Hampshire.

The key difference is our use of CareCubed for complex cases, ensuring a fair and needs-based pricing structure

4. Financial Impact Assessment

Option 1: No Change (Existing Arrangements Continue)

Assumption

- The model is based current year (2025/26) activity and budget for Year 1, but annual uplifts increase by 4% in Year 1, 2.8% in Year 2, Year 3 and Year 4.
- No fluctuation in population and therefore a demography budget of approximately £3.5m has not been included.

Costs include both framework and non-framework placements.

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)
Resi	140,085,725	153,081,489	164,758,271	174,594,939

Resi High	68,622,073	73,872,639	78,690,932	82,857,119
Nursing	15,386,239	17,061,740	18,195,427	18,884,561
Nursing High	7,533,093	7,928,853	8,270,758	8,545,735
Total	**231,627,131**	**251,944,721**	**269,915,388**	**284,882,353**
Exp. Increase		20,317,590	17,970,667	14,966,965
Exp. Percentage increase (annual uplift)		8.8%	7.1%	5.5%
Potential Budget	215,789,912	221,881,812	228,145,692	234,586,404
Variance to budget	-15,837,220	-30,062,909	-41,769,696	-50,295,949

Option 2: Implementing the Proposed Pricing Model

Assumptions

- The model is based on current year (2025/26) activity and prices for Year 1, but annual uplifts increase by 4% in Year 1, 2.8% in Year 2, Year 3 and Year 4.
- No fluctuation in population and therefore a demography budget of approximately £3.5m has not been included.
- Costs include both framework and non-framework placements.
- The percentage of placements called off from the framework increases from 70% to 80%.
- Providers submit rates within the proposed bandings.
- Complex cases priced using CareCubed.
- Existing legacy placements will gradually phase out over a three to four year period although there may be some exceptions that might take longer.

	year 1 (£)	**year 2** (£)	**year 3** (£)	**year 4** (£)
Resi	136,540,628	141,686,682	146,124,276	150,269,083
Resi High	66,720,316	68,086,781	69,509,788	71,054,781
Nursing	13,365,131	13,738,840	14,155,524	14,533,953
Nursing High	6,767,427	6,820,829	7,019,862	7,209,068
Total	**223,393,502**	**230,333,132**	**236,809,450**	**243,066,884**
Exp. Increase		6,939,630	6,476,318	6,257,435
Exp. Percentage increase (annual uplift)		3.1%	2.8%	2.6%
Potential Budget	**215,789,912**	**221,881,812**	**228,145,692**	**234,586,404**
Variance to budget	-7,603,591	- 8,451,320	-8,663,758	-8,480,480

Comparison between Option 1 and Option 2

	year 1-2026/27 (£)	year 2-2027/28 (£)	year 3- 2028/29 (£)	year 4-2029/30 (£)
Cost avoidance	8,233,629	21,611,589	33,105,938	41,815,469

5. Risks & Challenges

- Providers currently charging above the proposed bandings may choose not to bid, reducing framework capacity and reducing the levels of cost avoidance calculated in the model.
- This could increase the need for spot purchasing, making cost control and quality assurance more difficult.
- Some providers with historically low rates may benefit from the new pricing model but may lack the capacity to replace those who do not join.
- Embedding the correct processes and system changes in ASC directorate is critical to ensure that all placements, price banding compliance, and contract terms are accurately recorded and monitored to achieve the intended cost control and service improvements.
- The gradual run off of legacy placements may take three to four years although there may be exceptional placements that might take longer, and the Council must monitor the impact on costs.
- The Council must balance affordability with ensuring rates are appealing to providers.

13 Critical Success Factors

13.1 The Critical Success Factors for this project are as follows:

CSF1: Supply
- Sufficient homes on the framework in every area
- Filling gaps in provision
- A framework attractive for Providers to join, which also supports the development of new provision

CSF2: Quality
- Improving quality and reducing CQC interventions
- Training and new quality team

CSF3: Sustainability and savings
- Reducing off-framework placements
- Fixed core price per area – removing ability to resubmit new prices

- Fair and transparent pricing,
- Joint with NHS – KCC run brokerage to avoid price distortion
- Reducing additional hours through clarifying expectations of the core price
- Being clear on limitations on choice
- Enforcing and collecting top-ups

CSF4: Former self funders

- A simpler more transparent process for on-boarding

How will this be achieved

By implementing a framework which:

- Allows for new providers to enter the market and through the delivery of innovative approaches
- Better control over price
- Review clauses on termination of placements
- Clarity on what needs are expected to be met from the core fee
- Clarity around additional support hours, access to day care etc
- Consider specialist arrangements for non-geographic communities e.g. faith, LGBT+

14 Long-Listed Options

14.1 Continue as we are (DPS)
Expand in-house provision/enter a series of block arrangements
Introduce an Open Framework or Dynamic Market (or a hybrid of both)

15 Short-Listed Options

15.1 Using the SMART Objective and Critical Success Factors, the long list was narrowed down to a short list of options, all of which would achieve the desired output but at differing levels. The short list of options are as follows:

Option 1: Do Minimum

Scope	OPRN Care Homes – contracted, non-contracted and future requirements
Description	**Continue as we are (DPS):** Maintain the existing Dynamic Purchasing System (DPS) for OPRN placements. Providers submit updated prices twice a year and placements continue under legacy arrangements.
Pros	No major system changes needed- Administrative continuity- Existing provider familiarity

Cons	• Loss of market control- Prices continue to escalate beyond affordability • Variance in pricing between legacy and new placements is unsustainable • Quality assurance and contract performance are harder to manage under current terms • Exploitation of loopholes (e.g., notice periods) • No formal mechanism for controlling market behaviour or incentivising quality improvement
Recommendation	Not recommended due to high-cost pressure, poor market control, and fragmented oversight

Table 6 - Option 1

Option 2: Less Ambitious

Scope	OPRN Care Homes – contracted, non-contracted and future requirements
Description	**Expand in-house provision and/or enter a series of block arrangements through direct awards:** Increase Council-operated residential/nursing capacity and secure block beds via direct awards.
Pros	Greater control over quality and delivery- Predictable costs through block rates- Ability to target capacity to priority areas
Cons	• High upfront investment for in-house provision (recruitment, pension, property, compliance) • Reduced market flexibility • May not meet wide-ranging geographical demand • Risk of under-occupancy in block arrangements
Recommendation	Not recommended as a primary model due to high financial/resource burden and limited scalability

Table 7 - Option 2

Option 3: Preferred Way Forward

Scope	OPRN Care Homes – contracted, non-contracted and future requirements
Description	Open Framework or Dynamic Market (or a hybrid of both): Set up an Open Framework with fixed prices and controlled entry. Consider a side Dynamic Market to handle exceptional or specialist needs. Prices fixed during the framework term, revised only during re-opening or agreed uplifts.
Pros	• Better control over prices and provider behaviour- Framework prices reviewed only when reopened- Encourages provider accountability and performance • Opportunity to grow the number of Framework providers

	from 70% to 80%, improving consistency and value • Allows innovation and competition- Improved quality monitoring and contract management • Aligns with Framing Kent's Future and market sustainability duties under the Care Act
Cons	• Requires ongoing Council resources to manage the framework and annual re-opening • Initial effort needed to onboard providers- Provider resistance to fixed pricing unless uplift mechanisms are fair and transparent
Recommendation	Recommended option. Offers balance between market control, provider engagement, affordability, and quality oversight. Provides a scalable and sustainable commissioning model with better alignment to future needs.

Table 8 - Option 3

16 Overall Rankings

Evaluation Results	**Option 1** Do Minimum	**Option 2** Less Ambitious	**Option 3** Preferred
Economic Appraisal (Refer to Section C)	2	1	3
Benefits Appraisal (Refer to Section 7)	2	1	3
Risk Appraisal (Refer to Section 8)	1	1	3
Overall Ranking	**5**	**3**	**9**

Table 9 – Scale used: 1 being least the favourable to the Council and 3 being most favourable

17 Preferred Option

17.1 After careful consideration and considering all internal and external factors, it was agreed that **Option 3** (with a score of 9) was the best way to approach the delivery of the project effectively and efficiently.

D. COMMERCIAL CASE

The purpose of the commercial dimension of the business case is to demonstrate that the preferred option will result in a viable procurement and well-structured deal between the public sector and its service providers.

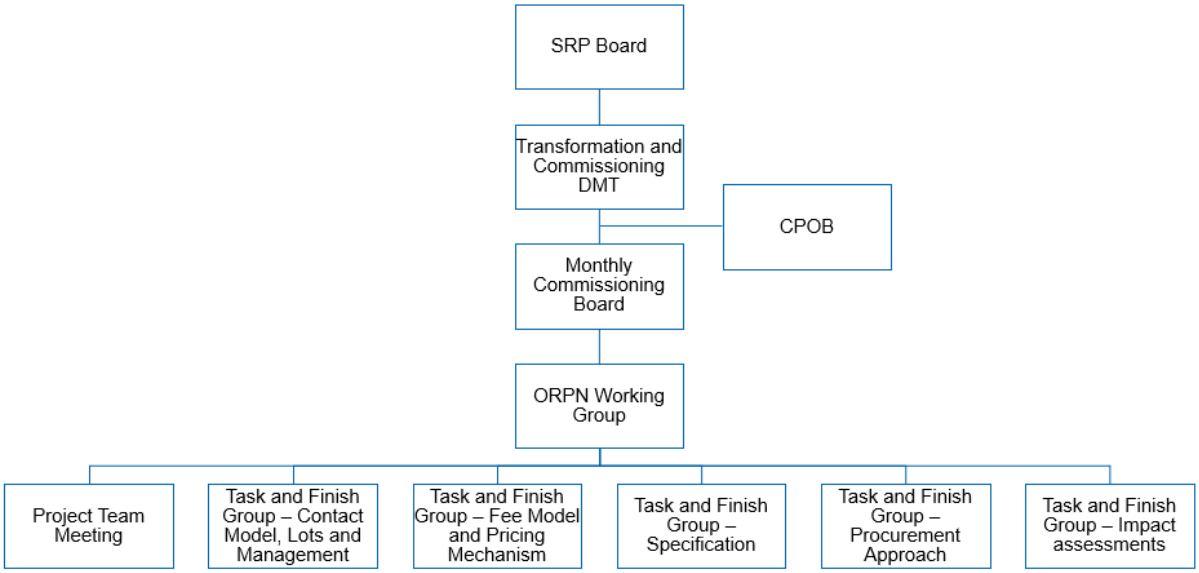
18 Procurement Strategy

18.1 [Demonstrate how the output will be procured in accordance with the Government Procurement Agreement (WTO) and the ED Consolidated Public Sector Procurement Directive (2004). This may involve the use of an existing contract; a call-off contract or framework agreement; or the requirement for a new procurement under the above.]

E. MANAGEMENT CASE

19 Project Governance

19.1 The project will use the agreed structure outlined below. The structure defines the relationship and escalation path for the project.



20 Project Roles and Responsibilities

20.1 The roles and responsibilities for the project team are defined as follows:

Role	Key Responsibilities
Senior Responsible Owner Richard Ellis delegated to Paula Parker	• Own the business case and the realisation of the benefits. • Will manage some of the key stakeholders. • Help to identify key strategic and business risks. • Approve any changes to project scope as alterations may affect the potential for the delivery of the benefits in the business case. • Visible owner of the overall business change. • Key leadership figure to drive the change forward. • Secure the necessary investment for the business change.
Programme Board / Steering Group Strategic Reset Programme (SRP) Board Commissioning and Transformation Directorate Management Team (C&T DMT)	• SRP Board for oversight and assurance on project delivery • C&T DMT is responsible for making decisions and providing challenge and approval on issues affecting the progress of the project.

The Project Manager / Lead Commissioners Louise White / Joe Apea, Godfrey Luggya	• Well versed in project management methodologies in order to co-ordinate activities in a project environment. • Develop and maintain a detailed project plan and monitor project progress and performance; making sure project milestones and deliverables are in line with the project plan and being held accountable for delivery. • Have a conscious awareness of the strategic importance around delivering the project and have the authority to drive it forward. • Recording and managing project risk and issues and escalating to Project team meetings and design authority • Managing the improvement cycle and conducting in-depth data analysis. • Reporting the project at regular intervals via the project reporting systems.
The Project Team Heidi Ward, Renee Lozanova, Paul Stephen, Michael Glasspool, Alan Luke, Emily Oates, Tristan Booth, James Beamish. DPO, Legal (including external advisors)	• Subject matter experts. • Assist Project Manager / Lead Commissioners to co-ordinate and undertake Project activities. • Support engagement with workforce and communicate key messages. • Assist with data collection and analysis to ensure accurate and credible data is produced. • Help identify project risks.
The Portfolio Management Office	• Provides project advice, as required. • Oversees project from a distance and provides updates to DMT/Senior stakeholders through agreed governance routes. • Makes recommendations regarding project documentation and progression through project cycle (stage gates).
The Stakeholder Engagement Team Lisa Clinton	• Engagement with stakeholders including planning and delivery of related activities.
People who draw on care and support	• Input into service design (based on lived experience), evaluation panel activity, service performance reviews

Table 10 - Roles and Responsibilities

21 Project Costs Internal / External

The anticipated internal resource cost for the project is estimated at **£447.9k – £472.2k.** External costs have also been calculated and currently stand at an estimated **£734.6k.** Therefore, the total anticipated project cost is between **£1,182.5k – £1,206.8k**.

Legal cost are also estimated to be **£150k.**

22 Project Assurance

22.1 The project has the following assurance mechanisms in place:

Stage Gate Reviews	At the end of each stage in the Project Life Cycle, the project will have a Stage Gate Review conducted by the Portfolio Management Office (PMO). The PMO will go through a well-defined checklist to ensure all the key activities have been completed, and the mandatory documentation is to a good standard.
Senior Responsible Owner (SRO) Decision	Before progressing to the next stage of the Project Life Cycle, the project will undergo evaluation from the Senior Responsible Owner to ensure they are happy with the progression of the project, or if the project needs to change direction, pause, or be closed.
Project Board / Steering Group	The project will regularly touch-base with the appropriate board to note the progression of the project, retrieve decisions required and agree next steps.
Regular Reporting	The Project Team will be required to update the Project Management System on a weekly basis, and the Portfolio Management Office (PMO) will regularly report the necessary project highlights to senior stakeholders.
Data Quality Checks	The Portfolio Management Office (PMO) will regularly ensure the Project Management System is kept up to date.

Table 11 - Project Assurance

23 Project Plan

23.1 The key milestones for the project as of May 2025 are as follows:

Milestone	Target Baseline Date	Actual Completion Date
Commissioning Programme Board	06/05/2025	
Commercial and Procurement Oversight Board (CPOB)	15/05/2025	
Commissioning and Transformation DMT	21/05/2025	

Cabinet Members meeting (CMM) approval of Forthcoming executive decision (FED)	02/06/2025	
FED publication	09/06/2025	
Strategic Reset Programme Board	12/06/2025	
Adult Social Care and Health Cabinet Committee	08/07/2025	
Implementation (providing no call-in)	16/07/2025	
Tender period	21/07/2025 – 26/08/2025	
Evaluation period	24/11/2025 – 19/12/2025	
Moderation period	22/12/2025 – 09/01/2026	
Adult Social Care and Health Cabinet Committee	14/01/2025	
Mobilisation period	23/02/2026 – 01/04/2026	
New Contract Start date	01/04/2026	

Table 12 - Key Milestones

24 Risk Management

24.1 Project risks will be identified and managed in accordance with the KCC Risk Management Policy and Strategy, to optimise opportunities and minimise the possibility of failure. The risk management process will include:

- Identification of risks via discussion with the project team and stakeholders
- Categorisation of risk – Corporate; Strategic; Programme; Project or Operational/Service; Financial; Reputational
- Evaluation of risks based on probability and impact (each out of 5)
- Mitigation plan for all risks identified
- Assigning an “owner” to each risk
- Regular review of the risk log within project team meetings
- Escalation of risks as appropriate

25 Lessons Learned

25.1 Through the life cycle of the project, lesson learned will be identified by individuals within the project team as well as a collective. In the weekly project team meetings, we will discuss problems we have encountered and solutions going forward. At the end of the project we will meet with stakeholders to identify any further lessons learned. All of these will be documented on our Lessons Learned log.

26 Mobilisation of OPRN Framework

26.1 The mobilisation phase will be critical to ensuring the successful transition from the current DPS model to the new commissioning arrangements under the Open Framework and/or Dynamic Market. This plan sets out key activities, milestones, and responsibilities to ensure readiness across the Council, Providers, and key system partners for a smooth transition by 1st April 2026.

26.2 Governance and Oversight

- Mobilisation Oversight: SRO
- Operational Lead: Senior Commissioner/Procurement Lead
- Transition Board: Mobilisation Task Group reporting monthly to ASC Commissioning Board
- BAU Monitoring: Commissioning and Contracts Managers

Key Mobilisation Activities and Timeline

Responsible Team	Activity	Target Completion
Commissioning/ Communications/ Procurement/Finance	Finalise mobilisation and communications plan	TBC
Procurement	Drafting of Award Reports	TBC
Procurement	Drafting of Award Letters	TBC
Governance	Member briefings on outcome of procurement	TBC
Procurement	Contract award and statutory notices	TBC
Procurement and Legal	Due diligence and compliance checks (e.g. issuing of contracts)	TBC
Procurement/ Commissioning/ Finance	Providers onboarding	TBC
Commissioning/ Procurement	Revise Provider Access Portal to enable quarterly KPI submissions	TBC
Commissioning	Deliver Provider induction sessions and readiness assessments	TBC
Communications	Update KCC webpages,	TBC
Commissioning	Update FAQs and issue call-off guidance to Providers, Practitioners	TBC

	and Brokerage	
Finance/ IT/ Commissioning	Align Mosaic and other systems for pricing, KPIs and Brokerage	TBC
Finance/ IT/ Commissioning	Ensure alignment with invoicing procedures and customer recharging	TBC
Commissioning/ Procurement/ Finance	Establish direct points of contact for new providers (short term and teething problems)	TBC
Commissioning	Conduct targeted briefings and workshops for Brokerage and social work teams	TBC

26.3 Business as Usual Transition (Post-April 2026)

- Ongoing KPI Monitoring: Performance & Intelligence Team to review quarterly returns and flag any risks or performance concerns.
- Contract Management: Contract Officers to maintain regular Provider contact through scheduled review meetings and site visits.
- Market Management: Continued market shaping, including scheduled openings of the Open Framework for new entrants.
- Brokerage Interface: ASPT and Brokerage Teams will utilise updated tools and guidance for placements and contract call-offs.
- Integrated Care Collaboration: Close partnership working with NHS colleagues to operationalise Trusted Assessor assessments and minimise discharge delays.

26.4 Communications Strategy

- Targeted internal comms for KCC operational teams, supported by FAQ documents and webinars
- Market-facing comms through Provider Bulletins, Provider Forums, and targeted induction events
- Council-wide updates through intranet, newsletters, and commissioning network

G. APPENDIX

The following section contains all relevant Appendices to the Project Business Case.

Appendix Reference	Appendix Title	Embedded Document
Appendix A	Older Persons Residential and Nursing Care Homes Governance Structure	Governance.pptx
Appendix B	DPIA	OPRN%20DPIA%20453.docx
Appendix C	EQIA	EqIA%2005.07.24%20Recommissioning%

Table 13 - List of Embedded Appendices