

**From:** Andrew Ireland, Corporate Director of Social Care, Health and Wellbeing

**To:** Graham Gibbens, Cabinet Member for Adult Social Care and Public Health

**Decision No:** 15/00089b

**Subject:** **CONTRACT AWARD FOR OLDER PERSONS RESIDENTIAL AND OLDER PERSONS NURSING CARE HOMES – EFFECTIVE APRIL 2016**

**Classification:** Unrestricted [Exempt Appendix]

**Previous Pathway of Paper:** Adult Social Care and Health Cabinet Committee – 10 March 2016

**Future Pathway of Paper:** Cabinet Member decision

**Electoral Division:** All

**Summary:** To provide the Adult Social Care and Health Cabinet Committee with the background and process of the older persons residential and nursing care home tender and recommend the successful tenderers to progress to contract award.

**Recommendation:** The Cabinet Member for Adult Social Care and Public Health is asked to:

a) **AGREE** the actual guide prices for Older Persons Residential and Nursing Care as follows:

Residential:	£373.51
Residential High:	£455.45
Nursing:	£504.73
Nursing High:	£530.28

b) **AWARD** contracts to the successful tenderers identified in the Exempt appendix

c) **DELEGATE** authority to the Corporate Director of Social Care, Health and Wellbeing, or other suitable nominated officer, to undertake the necessary actions to implement the decision.

## 1. Introduction

1.1 Since letting the last contract for care home services in October 2014, the operation and management along with market behaviour has been under review. The contract which was let for a short term 18 month period, to prepare the market and the Council for what was expected to be major change with the introduction of Phase 2 of the Care Act 2014 implementation, expires on the 31 March 2016.

1.2 The contract covers approximately £100m of spend on older person's care home provision. The resource required to establish a contract with a suitable contractual term is substantial and will include representation from all areas of the council, led by Strategic Commissioning in Social Care Health and Wellbeing.

1.3 In September 2015, Procurement Board provided approval to tender for these services using a dynamic framework contract. Work commenced on this initially through engagement sessions with providers in July 2015 and the formal activity was developed in October 2015 using a one stage short process, following a two stage, in-depth tender in 2014. The tender activity was undertaken between 18 November 2015 and 18 December 2015 with evaluations taking place throughout January 2016.

## 2. Background

2.1 Following the in-depth analysis of providers' costs in 2014, Guide Prices were re-set. The analysis of the Guide Prices was discussed at the Adult Social Care and Public Health Cabinet Committee on 11 July 2014. The report contained an exempt appendix which had all of the analysis that had taken place and this was published publically following the decision by the Cabinet Member. This can be found at <https://democracy.kent.gov.uk/ieDecisionDetails.aspx?ID=648>.

2.2 Analysis of the market behaviours and patterns was undertaken through the activity from the Central Purchasing Team who were sourcing placements through the contractual process. This activity was analysed along with other key factors and Provisional Guide Prices were established through a Cabinet Member key decision in November 2015 as follows: <https://democracy.kent.gov.uk/documents/s60702/15-00089%20-%20Report%20Provisional%20Guide%20Prices%20for%20OP%20Resid%20and%20Nursing%20Care%20Homes.pdf>

2.3 This tender opportunity offered five 'lots' for providers to tender for services in care home establishments as follows:

- Lot 1 CQC Registered Residential Homes or "Care Homes without nursing" for the provision of Long Term, Short Term and respite care services;
- Lot 2 CQC Registered Nursing Homes or "Care Homes with nursing" for the provision of Long Term, Short Term and respite care services;
- Lot 3 Providers of Bariatric care services;
- Lot 4 Call off Block Contract for the provision of multiples of two beds for short term Respite care services across Kent; and
- Lot 5 Residential or Nursing Care Home providers able to offer 'day' services.

2.4 The procurement timetable for this contract is as follows:

Date	Action
18 Nov 15	Advert published and providers invited to express an interest
18 Dec 15	Advert closes to submission of tender documents
18 Dec 15 – 15 Jan 16	Evaluate tender submissions
10 Feb – 15 Mar 16	Prepare and collate contracts
29 Feb 16	Bidders notified of award status
7 Mar – 28 Mar 16	Communicate new guide prices and provider acceptance (following NLW allocation)
7 Mar - 16 Mar 16	Award letters issued
4 Apr 16	New contract start date
4 Apr 16	Advert reopens for new submissions

### 3. Evaluation Process

3.1 The level of response to this tender is as follows:

Service Provision	Kent Care Homes	Tendered	Not Tendered	
Residential	208	115	93	
Nursing	50	36	14	
Dual Registered	49	17	32	<b>% Tendered</b>
<b>Total</b>	<b>307</b>	<b>168</b>	<b>139</b>	<b>55</b>
<b>Total Beds</b>	<b>11,317</b>	<b>6,292</b>	<b>5,025</b>	

- 155 tendered care homes have current framework contracts
- 13 tendered care homes are not on the current framework contract
- 43 care homes on the current framework contract did not tender

3.2 The evaluation was split into Price with a value of 40%, Quality & Capability with a value of 40% and Performance with a value of 20% (which is part of the ongoing contract management). Effectively this means that for the initial ranking as shown in the exempt appendix, the evaluation is 50% price and 50% quality and capability.

3.3 Below is a table showing the number of providers and the level at which they tendered their maximum price for a short term bed contract:

	Residential	Residential High	Nursing	Nursing High
<b>KCC Provisional Guide Price</b>	£367.99	£448.72	£497.81	£523.01
<b>Average Indicative Price</b>	£489.68	£564.89	£684.24	£756.41
<b>Number of Homes at Provisional Guide Price</b>	18	20	8	8
<b>Up to £50 + Prov Guide</b>	14	22	2	4
<b>Up to £100 + Prov Guide</b>	10	10	6	6
<b>Up to £150 + Prov Guide</b>	13	16	3	2
<b>Up to £200 + Prov Guide</b>	15	12	2	2
<b>Up to £250 + Prov Guide</b>	10	14	2	2
<b>Up to £300 + Prov Guide</b>	6	5	3	6
<b>Over £300 + Prov Guide</b>	5	7	14	12

% at Prov Guide Price	19.78	18.87	20.00	19.05
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Question	Response %	
	Yes	No
1 Have you had a <b>Registered Manager vacancy</b> for this Home, for more than a total of three months over the previous 12 months?	14%	86%
2 Have you received any <b>Notice of Proposal</b> notifications from CQC for this Home over the past 12 months?	1%	99%
3 Have you received any <b>Warning Notices</b> from CQC for this Home over the past 12	7%	93%

3.4 Below is a table showing the number of providers and the level at which they tendered their maximum price for a long term bed contract:

	Residential Needs	Residential High Needs	Nursing Needs	Nursing High Needs
KCC Provisional Guide Price	£367.99	£448.72	£497.81	£523.01
Average Indicative Price	£476.49	£549.72	£687.37	£750.08
Number of Homes at Provisional Guide Price	27	29	8	11
Up to £50 + Prov Guide	9	25	6	4
Up to £100 + Prov Guide	18	11	5	7
Up to £150 + Prov Guide	14	18	6	5
Up to £200 + Prov Guide	18	18	4	4
Up to £250 + Prov Guide	8	9	1	1
Up to £300 + Prov Guide	4	4	3	4
Over £350 + Prov Guide	4	7	16	16
% at Prov Guide Price	26.47	23.97	16.33	15.38

3.5 Below is a table summarising the responses from the Quality and Capability questions (40% of score) from the providers that tendered:

months?		
4 Have you had a <b>Suspension Notice</b> placed on this Home by the Council /other Local Authority to prevent further placements at any time over the past 12 months?	8%	92%
5 Have you had any complaints regarding this Home escalated to the Local Government <b>Ombudsman</b> over the past 12 months?	2%	98%
6 Have you achieved accreditation to a recognised <b>Quality Assurance Standard</b> e.g. ISO9001 or an equivalent standard?	23%	77%
7 Have you completed the most recent <b>Skills for Care</b> , National Minimum Dataset for Social Care (NMDS) return for this Home?	66%	34%
8 Have you participated in and engaged with a recognised or <b>accredited quality improvement programme</b> for this Home e.g. Ladder to the Moon, My Home Life?	46%	54%
9 Do you have a <b>Quality Management System</b> that ensures internal control of quality and consistency of practice for this Home?	100%	0%
10 Do you have an activity programme for this Home that maximises <b>social interaction</b> and <b>wellbeing</b> of residents e.g. varied weekly events, community involvement, volunteering?	100%	0%

Key	Points Awarded
	No Points Awarded

- 3.6 Providers are required to re-submit a new Quality & Capability questionnaire every six months to allow them to improve throughout the contract term and subsequently move up or down the ranking.
- 3.7 Throughout the contract period, providers will be assessed on an ongoing basis with performance being measured through Key Performance Indicators (KPI) to achieve the extra 20%. From the start of the contract, all providers will be awarded 0% which will be adjusted on receipt of the first return of KPIs.
- 3.8 Attached as the [exempt] appendix is the list of providers and their ranking based on the tendered Price and the outcome of the Quality and Capability questions.
- 3.9 Providers have the opportunity to submit new indicative prices every six months as their commercial decisions need to adapt. This again will change their overall score and ultimate ranking.

#### 4. Financial Implications

4.1 The provisional Guide Prices did not include the impact of the introduction of the National Living Wage (NLW). In-depth analysis has been undertaken to understand the impact of the NLW on the residential care market (along with other sectors of Adult Social Care) and this has now adjusted the provisional Guide Prices as follows:

- Residential: £373.51
- Residential High: £455.45
- Nursing: £504.73
- Nursing High: £530.28

- 4.2 Providers were asked to submit their price either at the Council's published Provisional Guide Price or above that price. Where the price is above the provisional guide price, an undertaking was given that those prices would be adjusted to the final Guide Prices for 2016. This should be extended to any prices that were above the Council's provisional guide price but are below the actual Guide Prices so that the minimum price for tendered providers are not below the Guide Prices for 2016.
- 4.3 Work is required to uplift prices for client services where a contract is signed by the provider so that:
- any individual **below** the new Guide Price will be increased to the new Guide Price for the placement category so long as the provider joins the framework and accepts the contracts terms and conditions
  - all contract prices for existing clients that are above the new Guide Prices will not receive a corresponding increase but will need adjustment for the impact of the National Living Wage and inflation
  - Where there is a third party contribution, the third party contribution will be adjusted (reduced/removed) to account for any increase in guide price
- 4.4 The Registered Nursing Care Contribution funded to Nursing Homes for the nursing element of the service is under review by the NHS. The rates shown are for the Social Care contribution only

## **5. Legal Implications**

- 5.2 Although the council has set its Guide Prices, the design of the contract is for the market to set an indicative (not to exceed) price when joining. Underlying sustainability of the social care market for older people is a key factor when analysing the costs of care.

## **6. Personnel and Training Implications**

- 6.1 There is planned activity throughout March 2016 in relation to training on the new contract and how to make placements against the new contract. A County Placements Team has been established to manage all placements for long and short term care home placements and the case managers will need to be trained on the new placements protocol.

## **7. Equality Impact Assessment**

- 7.1 An Equality Impact Assessment has been undertaken for the implementation of the new contracts and a copy is available on request.

## **8. Recommendations**

<p><b>8.1 Recommendation:</b> The Cabinet Member for Adult Social Care and Public Health is asked to:</p>
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a) **AGREE** the actual guide prices for Older Persons Residential and Nursing Care as follows:

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b) **AWARD** contracts to the successful tenderers identified in the Exempt appendix

c) **DELEGATE** authority to the Corporate Director of Social Care, Health and Wellbeing, or other suitable nominated officer, to undertake the necessary actions to implement the decision.

## 9. Background documents

None

## 10. Report Authors

Christy Holden  
Head of Commissioning (Accommodation)

[Christy.holden@kent.gov.uk](mailto:Christy.holden@kent.gov.uk)

03000 415356

Clare Maynard  
Procurement Category Manager (Care)

[Clare.maynard@kent.gov.uk](mailto:Clare.maynard@kent.gov.uk)

03000 416449

### Lead Officer

Mark Lobban

Director, Commissioning

03000 415393

[Mark.lobban@kent.gov.uk](mailto:Mark.lobban@kent.gov.uk)