



EXECUTIVE 22nd February 2022

Report Title	Procurement of Residential and Nursing Care Home and Respite Services for North Northamptonshire
Report Author	David Watts, Executive Director of Adults, Communities & Wellbeing (DASS)
Lead Member	Cllr Helen Harrison, Executive Member for Adults, Communities and Wellbeing

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	Not applicable

List of Appendices

Appendix A - North Northamptonshire Care Home Capacity and Demand Mapping

Appendix B - Care Home Fees Benchmarking exercise

Appendix C - Care Home Recommissioning Options Appraisal

1. Purpose of Report

- 1.1. The purpose of this report is to seek agreement from Executive to approve the procurement of a Dynamic Purchasing System framework agreement for the supply of residential and nursing care home services, including respite provision, for older people predominantly aged 65 years and over in North Northamptonshire.

2. Executive Summary

- 2.1. North Northamptonshire Council currently commissions residential and nursing care home services, including respite services, via a 12-month Dynamic Purchasing System. The current agreement expires on 31st August 2022 with no option to extend.
- 2.2. The Council's current annual expenditure on these services is £23.568m. The proposed five-year (4+1) contract value is approximately £117.84m.
- 2.3. Review of the current provision and engagement with both the care home market and stakeholders have been conducted in preparation for the procurement. In addition, benchmarking of both cost and service model has been undertaken with neighbouring local authorities and councils nationally.
- 2.4. Based on the findings, it is proposed a 4-year agreement with the option to extend for a further 1 year is approved in order to provide certainty and stability to the system.
- 2.5. The Dynamic Purchasing System will enable new providers to contract with the Council throughout the term of the agreement, maximising value for money, provider assurance and market engagement for the Council.
- 2.6. Following a robust procurement process, providers will be awarded contracts having been assessed against a range of assurance tools, minimising risk to the Council.

3. Recommendations

- 3.1. It is recommended that the Executive:
 - a) Approve the procurement of residential and nursing care home services for adults predominantly aged 65 and over in accordance with the Contract Procedure Rules.
 - b) Delegate authority to the Executive Member for Adults, Health and Wellbeing, in consultation with the Executive Director for Adults, Communities and Wellbeing (DASS), to take any further decisions and actions required to conclude this procurement and award the contract.
 - c) Delegate authority to the Executive Member for Adults, Health and Wellbeing, in consultation with the Executive Director for Adults, Communities and Wellbeing, to amend the Expected to Pay Rate mid-year, within budget constraints, to reduce more expensive spot placements.

3.1 Reason for Recommendations:-

- i) A Dynamic Purchasing System will deliver a flexible contracting model that maximises opportunities for providers to work with the Council. Key benefits of this approach include reduced need for spot purchasing, increased oversight of commissioned providers and improved relationships with a wider market.
- ii) Commissioning of residential and nursing care home services ensures the Council fulfils its statutory duty under the Care Act 2014 to provide care and support with daily living activities for adults aged 65 and over.
- iii) Delegated authority to award will ensure the service start date of 1st September 2022 can be achieved.
- iv) Delegated authority to revise the Expected to Pay Rate mid-year will enable the Council to adjust its contracted rates, within the available budgets, ensuring they are more aligned to neighbouring authorities, the true cost of care and are more attractive to the market.

4 Report Background

- 4.1 The Care Act 2014 places a statutory duty on local authorities to provide care and support to meet the identified needs of individuals. The legacy residential and nursing care home and respite services contract, commissioned by Northamptonshire County Council, expired on 31st August 2021.
- 4.2 Following local government reorganisation on 1st April 2021, the former county area was divided into two new unitary authorities, who agreed to procure a 12-month contract, based on existing specification and schedules, to enable the authority to invest time to further engage and understand the residential and nursing care home market in North Northamptonshire.
- 4.3 The Council established a multi-disciplinary project group to review current services, identify North Northamptonshire's future needs and assess the contracting options available to the Council. A range of activities were undertaken including:
 - a) Review of current provision, including capacity and demand mapping (**Appendix A**)
 - b) Fee benchmarking with other Local Authorities (**Appendix B**)
 - c) Engagement with current providers and statutory partners
 - d) Undertaking a lessons learnt exercise
- 4.4 The review evidenced that the number of people in North Northamptonshire aged over 75 is projected to increase by over 22,000 over the next 20 years, with the over 85 age group increasing by over 8,000 people.

- 4.5 At the time of writing¹, there are 699 Council funded residents in care homes within North Northamptonshire alone. Of these, 455 people are in residential placements, with the remaining 244 people in nursing placements.
- 4.6 Despite having a total market capacity of approximately 2640 beds, it should be noted that the Council does not have access to all of these due to a significant proportion of beds being purchased by those privately funding their care.
- 4.7 Furthermore, benchmarking identified that North Northamptonshire is an outlier in respect of its current Expected to Pay rate (**Appendix B**). The data shows that North Northamptonshire Council is offering an average of £105 per week less to providers than the average rate paid across surrounding authorities. This further compounds the Council's ability to place individuals in homes that are unable to accept the contracted rate, further reducing our available market.
- 4.8 As a result, the Council is required to negotiate fees for a significant number of placements on a case-by-case basis in order to secure care. Such spot purchasing not only drives up expenditure but has resulted in few providers contracting with the Council.
- 4.9 Based on the identified population increases and current market capacity (**Appendix A**), it is vital that the Council commissions services in a way that encourages the market to develop in order to meet future demand.
- 4.10 To support this, the specification has been developed to assist providers to deliver the following key outcomes:
- a) Supporting individuals to maintain/gain maximum independence
 - b) Providing quality of care and support that is person centred
 - c) To achieve good outcomes for individuals, giving support and encouragement
 - d) To maintain and maximise physical and mental wellbeing
 - e) To ensure individuals retain maximum dignity and respect for their human rights, maintaining their identity, hopes and aspirations
 - f) To enable individuals to exercise maximum control over their life, being involved in shared decision process
 - g) A quality service that is value for money for both the individual and the Council
- 4.11 In addition, the specification will include a service development clause enabling the Council, and its partners, to work with providers to develop services during the lifetime of the contract, including but not limited to, increased use of assisted technology.
- 4.12 The Commissioning team will also work with both internal and external partners to develop the support available to providers. Access to free training and an increasingly supportive quality and monitoring function will create added value

¹ Data as at 6 January 2022

for those choosing to work with the Council and will support service development and quality.

- 4.13 The Council has regularly engaged with both current providers and statutory partners since April 2021 in order to maximise buy-in. Feedback received as part of these processes has informed commissioning decisions.
- 4.14 In line with North Northamptonshire Council's Contract Procedure Rules and Constitution, a report has been presented to the Purchasing Gateway Group.

5 Issues and Choices

- 5.1 Officers have reviewed the existing contractual arrangements in conjunction with colleagues from both the Legal and Procurement teams. This has confirmed there are no options to flex or extend the existing contract and therefore a new arrangement must be adopted in advance of 31st August 2022.
- 5.2 Failure to re-commission an effective contractual framework is not an option due to the risk it presents. These are detailed in section 7.4.
- 5.3 As part of the options appraisal (**Appendix C**) consideration was given to co-commission a new service with West Northamptonshire Council. Risks were identified that future service delivery needs may differ in the North and West unitaries and that a single specification would not offer the flexibility to meet North Northamptonshire Council requirements.
- 5.4 The findings of the review identified that a Dynamic Purchasing System was the preferred approach for North Northamptonshire due to the ability to continually add new providers that wished to work with the Council. This not only allows flexibility for the provider but also a level of assurance for individuals as contracted providers are subject to a contract monitoring regime.
- 5.5 Due to the long-established delivery model within care home services and in order to create stability in the market, a total agreement term of five years is proposed.
- 5.6 The Terms and Conditions will include an option for Integrated Care System partners to become co-commissioners of the Dynamic Purchasing System enabling standardised terms for providers.
- 5.7 The proposed service will be advertised to the market on the 31st March 2022 to ensure continuity of service on 1st September 2022. There is no option to extend the current contract.

6 Next Steps

- 6.1 Following approval from the Executive, the procurement will be delivered as per the key timelines below.

Executive	22 nd February 2022
Tender Published	31 st March 2022
Evaluation	11 th May 2022
Contract Award	7 th July 2022
Contract Start Date	1 st September 2022

7 Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The estimated total value for the five-year contract is £117.84m, this is based on current budget. It is recognised there may be a financial impact against this budget when the Social Care Reform legislation comes into effect, introducing a cap on care costs, in October 2023.
- 7.1.2 An ageing population and rising levels of dependency among older people is likely to result in an increased demand for care homes, creating pressure on the budget though increased placements and delivery of more complex care.
- 7.1.3 A full financial year's data will enable more informed modelling to be undertaken to help inform a revised Expected to Pay rate in 2022/23. By increasing the standard rates that North Northamptonshire is able to offer, there will be a reduced need to pay higher rates resulting from spot purchasing. Currently these account for approximately 50% of expenditure and average £700 per placement.

7.2 Legal and Governance

- 7.2.1 Local Authorities in England have a statutory duty under the Care Act 2014 to provide care assessments and meet the resulting assessed needs through the provision of care and support for older people.
- 7.2.2 There is no option to extend the current contract within the existing Terms and Conditions.
- 7.2.3 The procurement will follow a compliant procurement process, under the Light Touch Regime as set out in Schedule 3 of the Public Contract Regulations 2015, and the Council's Contract Procedure Rules and Constitution.
- 7.2.4 The Adult Social Care Reform legislation will be reflected in the Terms and Conditions allowing for any material changes to be made in line with any legislation requirements to future proof the contract.
- 7.2.5 The Legal team have been engaged throughout the procurement to ensure a full and appropriate contract is prepared to meet the requirement.

7.3 Relevant Policies and Plans

- 7.3.1 The proposed service supports North Northamptonshire's Corporate Vision of being: "A place where everyone has the best opportunities and quality of life".
- 7.3.2 The service also aligns to Northamptonshire's Health and Care Partnerships vision of "a positive lifetime of health, wellbeing and care in our community".

7.4 Risk

- 7.4.1 There is a risk of limited interest from the market due to current Expected to Pay rates being lower in comparison to our neighbouring authorities (**Appendix B**).
- 7.4.2 The Council faces significant reputational risk if there is a delay to the procurement process or if the decision to re-commission is not agreed. In addition, this would result in having to place individuals in care homes outside of any contractual agreement resulting in an inability to monitor providers, increasing risk to the individual and the Council.
- 7.4.3 There is a risk to the timely conclusion of the procurement and start of the service if delegated authority is not authorised, to enable further decisions and/or actions, without the need to return to the Executive.

7.5 Consultation

- 7.5.1 Market engagement has taken place with providers delivering services in Northamptonshire on our current Dynamic Purchasing System agreement and those on our spot contracts.
- 7.5.2 Additional engagement with all registered care home providers in Northamptonshire and surrounding authorities is scheduled for 9th February 2022. This engagement will further contribute to the service specification.
- 7.5.3 A range of internal stakeholders including Adult Social Care, Procurement, Finance and Public Health, are members of the multi-disciplinary project group. This has ensured the service will meet the operational and corporate requirements of the Council.
- 7.5.4 Service User engagement has taken place via our Quality and Care Management teams identifying the outcomes individuals have stated they want to achieve. This has informed the service specification and associated service outcomes.

7.6 Consideration by Executive Advisory Panel (EAP)

- 7.6.1 Following discussion with the Chair of the Health, Wellbeing and Vulnerable People EAP by the Executive Director for Adults, Communities and Wellbeing,

it was not felt necessary for this proposal to be considered by the panel as the proposal is not of a contentious nature and is cognisant of the Council's priorities.

7.7 Consideration by Scrutiny

7.7.1 The procurement process and/or any part of the requirement may be selected for consideration by Scrutiny.

7.8 Equality Implications

7.8.1 In line with the Equality Act (2010) an Equality Screening Assessment has been undertaken and included as part of the report to the Procurement Gateway Group.

7.8.2 The Equality Screening Assessment identifies the service will not adversely impact individuals with protected characteristics.

7.9 Climate Impact

7.9.1. The Council will work continuously with providers to ensure the service maximises the use of technology and exploits service innovations that support the Council's commitment for a greener environment.

7.10 Community Impact

7.10.1 The Council will work with providers to maximise employment opportunities within the local community.

7.10.2 The Service will work collaboratively with the Voluntary, Community and Social Enterprise sector to deliver joined-up and holistic care and support to individuals accessing service.

7.10.3 To support the Council's vision of enabled Connected Communities, the Council will work with providers to support residents to have continuing access to community resources.

7.11 Crime and Disorder Impact

7.11.1 No implications identified.

8 Background Papers

8.1 Procurement Gateway Group Form

Appendix A - North Northamptonshire Care Home Capacity and Demand Mapping

Review of current provision

1) Population

North Northamptonshire is currently home to approximately 354,000 adults. Based on data provided by Projected Adult Needs and Service Information (PANSI), the general population is projected to increase to 372,200 in 2025 (5.17% increase); with a further increase to 386,100 in 2030 (3.18% increase).

One of the main drivers of demand for social care services is population increase, especially amongst the over 75 age group. In the next 2 decades it is estimated the number of people in North Northamptonshire (Kettering, Corby, East Northants & Wellingborough) aged over 75 is projected to increase by over 22,000. Of these people the over 85 age group is predicted to increase by over 8,000 people.

Consideration must therefore be made in relation to the impact of future demand in the delivery of services for these people.

Percentage of Population

Year		2020	2025	2030	2035	2040
Population aged over 65	North Northants Total	66,400	73,800	83,700	93,300	100,200
	East Northants	20,600	23,200	26,600	29,900	32,300
% of Increase by year			13%	29%	45%	57%
	Wellingborough	15,900	17,400	19,200	21,200	22,500
			9%	21%	33%	42%
	Kettering	19,400	21,200	24,000	26,500	28,400
			9%	24%	37%	46%
	Corby	10,500	12,000	13,900	15,700	17,000
			14%	32%	50%	62%

2) Demand

The average age of people who are funded by the Council in care homes is 82 years. Over the next decade it is expected that the average age will increase, as per information above, and it is likely that 50% of residents aged over 85 will be living with dementia. Therefore, we can expect an increase in demand for specialist care home/nursing beds. This will require providers to develop services which can meet the increased demand.

Key Messages

- Care Homes will predominately be used for people who can no longer live safely at home, and/or have complex nursing and specialist needs, for example dementia. As a result, we will need more care home placements that can care for these people.

- We will continue to work with the care home market to provide sufficient capacity for those customers with the most complex needs at affordable rates, building good, transparent working relationships.
- We will use The Dynamic Purchasing System as our main way of sourcing care home placements.
- We will continue to listen to our customers, promoting independence and individual outcomes.

3) North Northamptonshire Capacity

There are currently 68 registered care homes for older people in North Northamptonshire with a bed occupancy of 2640 beds.

North Northamptonshire Council currently fund approximately 699 placements.

There are currently 149 individuals currently on the Councils unmet needs for care homes, these individuals are waiting for a residential or nursing care home placement.

The inability to place individuals in care home beds are usually due to:

- Personal / Family choice
- Location of the Care Home
- NNC fee rates
- Workforce issues resulting into care homes not operating at full capacity

4) Conclusion

It is accepted that as North Northamptonshire Council embeds and matures, more in depth and regular analysis of our markets, population and demand will increase. However, this initial exercise has demonstrated the requirement for North Northamptonshire to work with the market to develop services to meet demand from both private and funded placements and to ensure services meet the needs of our population, providers and the authority.

Appendix C - Recommissioning Residential and Nursing Care Home and Respite Services for North Northamptonshire

Options Appraisal

Option	Risks	Mitigations & Benefits
1. Do Nothing	<ul style="list-style-type: none"> • The contract will expire placing North Northamptonshire Council in breach of their obligations under the Care Act 2014 to deliver care and support to older people requiring residential and nursing care home services. • Placements made would be done so outside of contract and therefore at significant risk to the Council 	<ul style="list-style-type: none"> • None Identified
2. Commission a new service with West Northamptonshire Council (WNC)	<ul style="list-style-type: none"> • Service delivery needs may differ in North & West unitary. • Less flexibility to adapt the specification to meet North Northamptonshire Council requirements. • Investment levels may differ between authorities making changes to Expected to Pay rates problematic 	<ul style="list-style-type: none"> • Aligned requirements for providers working across North and West.
3. Commission a new service for North Northamptonshire only	<ul style="list-style-type: none"> • Different contractual terms for providers accepting West and North Northamptonshire residents 	<ul style="list-style-type: none"> • Greater control over contractual requirements • Services can be developed to meet the specific needs of North Northamptonshire population • Ability to build improved

		relationships with providers
4. Procure a shorter-term (13 month) contract in line with Social Care Reform implementation in October 2023	<ul style="list-style-type: none"> • Delay in Social Care Reform legislation puts the Council at risk of being out of contract by October 2023. • No contractual security for providers 	<ul style="list-style-type: none"> • Contract will be congruent with new legislation
5. Procure a service on a 4+1 years basis	<ul style="list-style-type: none"> • Social Care Reform creates material change to contractual terms. 	<ul style="list-style-type: none"> • Social Care Reform reflected in Terms and Conditions enabling the Council to amend Schedules as required. In addition, a suitable break clause will be added enabling the Council to serve notice and re-issue new Terms and Conditions if required • Providers able to join Framework at any point in line with their business model • Long term contract creates stability and assurance in the market. • Potential for increased numbers of contracted providers, increasing access and relationships with a wider market.