

Subject:	Care Home / Nursing Home Prior Information Notice		
Date of Meeting:	11th January 2022		
Report of:	Executive Director, Health & Adult Social Care		
Contact Officer:	Name:	Alex Saunders	Tel: 07824 867035
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Brighton & Hove City Council (BHCC or 'the Council') is facing enormous difficulties in securing residential nursing and complex needs care home provision at competitive and sustainable rates. To help address this, Commissioners are seeking approval to block contract beds where it is deemed in the best interests of the Council and the Clinical Commissioning Group (CCG). The high demand for placements in the city has driven up costs; nursing beds are often only available at weekly rates in excess of £1,000 per week, which is substantially higher than the current set rate at £787.60 (which includes £187.60 Further Nursing Care funded by the CCG).
- 1.2 By entering into block contracts arrangements capacity can be secured at more competitive rates, whilst maintaining good quality provision. Commissioners intend to issue a Prior Information Notice (PIN) to seek expressions of interest from providers.
- 1.3 The Council is seeking to award multiple block contracts for a maximum of 100 units of residential and nursing care beds, within the boundaries of Brighton and Hove. Providers will be required to respond to the prior information notice as a call for competition detailing the number of units they are offering and the weekly rate. Further competition may be required depending on the response to the PIN.

2. RECOMMENDATIONS:

- 2.1 That the Adult Social Care & Public Health (ASCPH) Sub-Committee grant delegated authority to the Executive Director of Health & Adult Social Care to issue a Prior Information Notice to seek expression of interest from providers interested in entering into block contract arrangements for residential and nursing care beds.
- 2.2 That the ASCPH Sub-Committee grant delegated authority to the Executive Director of Health & Adult Social Care to procure and award block contracts for residential and nursing beds following the publication of the Prior Information Notice.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Adult social care is facing a perfect storm, comprised of an ageing population, rising demand, increasing public expectations but with a reduction in government funding. And these pressures are growing. Current population and dependency trends suggest a 25% increase in demand for residential/nursing placements in the city by 2035.
- 3.2 Population projections come with an associated rise in the number of people living with complex long-term conditions; a combination of physical frailty, disability and mental health conditions. Not only is there increased demand for beds, there is also pressure on homes to deal with people with more complex needs.
- 3.3 There are not enough nursing beds, or specialist placement beds in the city. High demand for general and specialist nursing placements inflate prices, which are negotiated on a spot purchase basis i.e. bed by bed as demand arises.
- 3.4 The current contract operates as an approved list from which the Council can spot purchase individual placements as and when they are required. Generally, this arrangement has met the demand and quality requirements for care home beds in the city although there are drawbacks to this method of sourcing. In recent years, costs have spiralled as demand has outstripped supply. The number of beds we have been able to purchase at our 'set rates' has steadily declined, from 66% in 2017-18 to less than 30% now.
- 3.5 Whilst the Covid-19 pandemic has undoubtedly suppressed demand for residential care, this has not translated into a meaningful drop in spot-purchase prices. Indeed, in some instances care homes have increased prices in order to offset the impact of reduced resident numbers and recent cost increases (minimum wage rises, huge insurance premiums due to the pandemic, additional cleaning costs, PPE and so on). Soft intelligence from our Care Matching Team says that from April 2021 there are hardly any dementia residential or nursing homes or mental health residential or nursing homes in the city that will accept our set rates.
- 3.6 This position is unsustainable. Block contracts can help manage costs and provide sustainability to the market through long term planning. Block contracts are contracts which pre-book a certain number of placements (beds) at an agreed rate for a sustained period of time. They remove the need for continued negotiation, thereby supporting budget management and long-term financial planning as well as locking in supply. Block contracts are usually viewed favourably by providers for the same reasons, as well as giving providers certainty on prices and a guaranteed income.
- 3.7 We are in the process of conducting a widescale recommissioning of the care home contract, which Members are already aware of. The existing contract expires in March 2022 but will be extended for a further 12 to 18 months to allow the recommission to be completed successfully. The recommission gives us an opportunity to work with providers keen to secure their long-term future in an

uncertain market post-pandemic. The new commissioning model is based on an increase in block contracts with willing partners.

- 3.8 Agreeing one or more short term block contracts with a set number of providers ahead of the recommission will allow the Council to take advantage of opportunities occurring in the market right now, and to gain influence and achieve much needed security in an over-heated market in the short term.
- 3.9 Placements made under these block contract arrangements are for Brighton and Hove residents only.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Block contracts commit the Council to paying for the beds even if they are not filled. The three homes where we currently have block contracts have been closed due to Covid19 outbreaks during the pandemic, which has meant paying for beds we can't use. However, we have been able to negotiate reduced rates in the event of voids after a set number of days to reduce this cost. Irrespective of this, the benefits of having guaranteed provision far outweigh the potential additional costs in the unlikely event of empty beds.
- 4.2 Do nothing. There are opportunities in the market right now that we can benefit from in terms of favourable pricing and locking in demand that might not be available in a year / 18 month's-time when the recommission is completed.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 We are undertaking extensive consultation with a range of internal and external stakeholders as part of the recommission, including but not restricted to: care home residents, Healthwatch, BSUH, CCG, LGBTQI Switchboard, Age Concern, Registered Care Association, Hospital Discharge Team and Public Health.

6. CONCLUSION

- 6.1 Block contracts can help manage costs and provide sustainability to the market through long term planning. They remove the need for continued negotiation, thereby supporting budget management and long-term financial planning as well as locking in supply. Block contracts are usually viewed favourably by providers for the same reasons.
- 6.2 Agreeing one or more short term block contracts with a set number of providers ahead of the recommission will allow the Council to take advantage of opportunities occurring in the market right now, and to gain influence and achieve much needed security in an over-heated market in the short term.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 As outlined in the report, it is becoming increasingly difficult to procure placements at the set rate which is consequently causing significant cost pressures. The pricing for any future block contracts will need to provide value for money, considering that a proportion of placements are still being made at the set rate. Block contracts will also need to make allowance for additional costs that are expected to be incurred for voids, and this will need to be considered in any future contract.

Finance Officer Consulted: Sophie Warburton

Date: 08/12/2021

Legal Implications:

- 7.2 The Council must comply with the Public Contracts Regulations 2015 in relation to the procurement and award of contracts above the relevant financial threshold. The services outlined in this report fall within Schedule 3 of the Public Contracts Regulations 2015 and exceed the relevant financial threshold for light touch regime services (£663,540). The procurement process for the light touch regime is not unduly prescribed but must accord with the fundamental principles of transparency and equal treatment of economic operators. A Prior Information Notice must set out the broad parameters of the services required and the process by which it is intended to award the contracts. Legal Services will work closely with officers to ensure that the process followed is compliant with the Regulations.

Lawyer Consulted: Sara Zadeh

Date: 15/12/21

Equalities Implications:

- 7.3 An Equalities Impact Assessment (EIA) was agreed and signed off in November 2018, and we are currently undertaking an extensive new EIA as part of the care home contract recommission. Using block contracts instead of spot purchasing arrangements relates to how we finance care, and as such has no direct impact on the quality of care a person receives. There are some potential benefits however, explained below:

7.3.1 Block contracts can help people to stay locally, by guaranteeing that beds are available. For example, people with mental health challenges are often placed out of the city, because there is no capacity locally to meet their needs. This 'out of city' placement can be detrimental for the individual concerned, as they might be separated from friends and family, and from communities they are familiar with.

7.3.2 The same principle applies to people unable to secure a community placement (bed) from hospital because of a lack of capacity. There is a wealth of research that highlights the adverse effects of a prolonged stay in hospital on older people's mobility, independence and confidence. If we are able to guarantee provision in the market through block contract agreements, we can reduce the negative impact of prolonged hospital stays for some older people at least.

Sustainability Implications:

None

Brexit Implications:

Brexit has had a further impact on workforce pressures across Social Care and as such this will need to be considered when entering into any contracts as a result of this process.

Crime & Disorder Implications:

None.

Risk and Opportunity Management Implications:

None

Public Health Implications:

None.

Corporate / Citywide Implications:

