



*Although a formal committee of Brighton & Hove City Council, the Health & Wellbeing Board has a remit which includes matters relating to the Clinical Commissioning Group (CCG), the Local Safeguarding Board for Children and Adults and Healthwatch.*

Title:	Care Home Block Contract Arrangements	
Date of Meeting:	19 <sup>th</sup> January 2019	
Report of:	Executive Director, Health & Adult Social Care	
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Wards affected:	All	

#### **FOR GENERAL RELEASE**

#### **Executive Summary**

The Council is facing enormous difficulties in securing residential and nursing home provision at competitive and sustainable rates. To help address this, Commissioners are seeking Health and Wellbeing Board (HWB) approval to explore the option of block contracting where it is deemed in the best interests of the Council. The high demand for placements in the city has driven up costs; beds are often only available at weekly rates well in excess of £1,000 per week. Our agreed provider fee for residential beds is £571. Nursing bed fees are higher, at £726.05, but this includes £158.16 'Further Nursing Care' funded by CCG. By entering into block contracts arrangements at a lower cost, capacity can be secured at more competitive rates, whilst maintaining good quality provision. Commissioners intend to undertake a small block contract pilot of 25 beds, based on a maximum of 5 beds with 5 different providers.

#### **Glossary of Terms**

**BHCC** – Brighton and Hove City Council (sometimes referred to as 'the Council')  
**CCG** – Clinical Commissioning Group



## **1. Decisions, recommendations and any options**

- 1.1 It is recommended that the Health & Wellbeing Board grants delegated authority to the Executive Director of Health & Adult Social Care to procure and award block contracts for up to 25 units, with a maximum of 5 suitably qualified providers of care home services able to meet the various residential care/nursing needs of residents, including those with special care needs.
- 1.2 These block contracts will be for a maximum of two years, with a break clause after one year. These contracts are intentionally short, to allow officers to undertake a full review of future demand and contracting arrangements. A final decision regarding the contracted number of units will be reached once offers from providers have been assessed, to ensure that the Council is obtaining value for money.

## **2. Relevant information**

### **2.1 A challenging market**

- 2.1.1 Adult social care is facing the perfect storm of an ageing population, rising demand, reducing Government funding and increasing public expectations<sup>1</sup>.
- 2.1.2 There are not enough nursing beds, or specialist placement beds in the city. High demand for general and specialist residential/nursing placements inflate prices, which are negotiated on a spot purchase basis i.e. bed by bed as demand arises. It is becoming increasingly difficult to secure placements at Local Authority set rates. 59% of placements made between April and June 2018 were at set rate compared with 66% in the same period last year<sup>2</sup>. This position is unsustainable. Block contracts can help manage costs and provide sustainability to the market through long term planning.
- 2.1.3 Spending on residential and nursing care in Brighton and Hove represents 67% of all community care funding; significantly higher than the suggested target of 30% in 'Six Steps to Managing Demand for Social Care'<sup>3</sup>. These pressures are growing. Current population and dependency trends suggest a 25% increase in demand for residential/nursing placements in the city by 2035.

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<sup>1</sup> Sustainable County Social Care: A Green Paper that Delivers a New Deal for Counties. County Councils Network, 2018.

<sup>2</sup> Residential and Nursing Care Demand: Performance, Business Improvement and Modernisation (Internal Report), 2018.

<sup>3</sup> Bolton and Provenzano (2017) Six Steps to Managing Demand in Social Care Retrieved from: [https://ipc.brookes.ac.uk/publications/six\\_steps\\_to\\_managing\\_demand\\_exec\\_summary.html](https://ipc.brookes.ac.uk/publications/six_steps_to_managing_demand_exec_summary.html)

2.1.4 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<sup>4</sup>. So not only is there increased demand for beds, there is pressure on residential homes to deal with people with more complex needs.

## 2.2 Block contracts

2.2.1 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. Block contracts are usually viewed favourably by providers for the same reasons, as well as giving providers certainty on prices and a guaranteed income.

2.2.2 These competing demand and supply difficulties create an inflationary pressure on fees at a time when the social care budget is under significant strain. Working with key providers to block book care capacity at more competitive rates is one of a range of measures aimed at bringing down individual placement costs, at the same time as locking in supply.

2.2.3 The Council already operates a successful block contract arrangement in the city, which runs at 98% capacity. Full financial details are not provided here, as this would compromise what are commercially sensitive details.

2.2.4 The pilot of up to 25 beds will include in the contract a break clause after one year, to take account of market fluctuations. The contract will also include arrangements for the management of voids. However, voids are not anticipated, as in the current climate demand often exceeds supply. Officers will review the contract on a monthly basis to ensure the Council is receiving value for money.

2.2.5 Agreeing a fixed number of short term block contracts with a set number of providers will allow the Council to gain influence and achieve much needed security in an over-heated market in the short term. Keeping this pilot small, with a break clause after one year, will allow us to evaluate the effectiveness of this approach, in terms of anticipated savings and greater control in the market.

2.2.6 Placements made under these block contract arrangements are for Brighton and Hove residents only.

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<sup>4</sup> Enhanced Health in Care Homes: the High Weald Lewes Havens experience (NHS Commissioning Alliance - internal report), 2018.

### 3. Important considerations and implications

#### 3.1 Legal:

The council's Contract Standing Orders require that authority to enter into contractual arrangements valued at £500,000 or more be obtained from the relevant committee being the Health & Wellbeing Board.

The proposed contracts fall within Schedule 3 of the Public Contracts Regulations 2015 and are therefore classed as Light Touch. The value of the combined contracts exceeds the current threshold of £615,278.00 above which Light Touch Contracts are required to be advertised in the Official Journal of the European Union. Therefore a Prior Information Notice or a Contract Notice must be published setting out the broad parameters of the services required and the process by which it is intended to award the contracts.

The tender process must be conducted so as to ensure compliance with the principles of transparency, fairness and equal treatment.

Lawyer consulted: Judith Fisher

Date: 21/12/2018

#### 3.2 Finance:

As outlined in the report, it is becoming increasingly difficult to procure placements at the set rate which is causing significant cost pressures. The pricing for any future block contracts will need to reflect value for money considering that a high proportion of placements are still being made at the set rate.

Finance Officer consulted: Sophie Warburton

Date: 14/12/2018

#### 3.3 Equalities:

An Equalities Impact Assessment was agreed and signed off on 26<sup>th</sup> November 2018. Key points from the EIA include:

- The Council already commission beds for older people in a number of care settings (e.g. care homes, nursing homes, specialist care/nursing homes, and other care settings based on individual need). These placements are typically acquired using 'spot purchasing' arrangements i.e. as and when required. We have 'set rates' for placements, approved by the Health and Wellbeing Board, which form the basis for these spot purchasing agreements. However, fees are often set according to supply and demand, which is driving up costs in an over-heated market. Using block contracts instead of spot purchasing arrangements relates to how we finance placements, and as such has no

direct impact on the quality of care a person receives. There are some potential benefits however, explained below.

- 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.
- The same 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.
- Block contracts cannot capacity issues in themselves, but they can work positively for those individuals able to secure local provision, or to leave hospital in a timely fashion, because a block contract is in place.

#### 3.4 Sustainability:

The Recommendations of this report are intended to support the care market to be sustainable by paying fees which are fair.

#### 3.5 Health, social care, children's services and public health:

Block contract procurement and implementation is an Adult Social Care initiative. However, NHS Health Clinical Commissioning Group has been party to these discussions, and continue to provide advice and support as required.

There will be no impact on, or implications for, established services in the city for Health, Social Care, Children's Services or Public Health.

