

Brighton & Hove City Council

Adult Social Care & Public Health Sub Committee

Agenda Item 24

Subject: Residential & Nursing Care Homes Block Contracting

Date of meeting: 12th September 2023

Report of: Executive Director, Health & Adult Social Care

Contact Officer: Name: Andy Witham, Assistant Director, Commissioning & Partnerships
Tel:
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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 Brighton & Hove City Council (BHCC or 'the Council') is facing continued 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. 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 £875 (£655 per week set rate plus FNC £219.71)

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 Prior Information Notices (PINs) to seek expressions of interest from providers.

1.3 The Council is seeking to award multiple block contracts for a maximum of 150 units of residential and nursing care beds, within the boundaries of Brighton and Hove. Providers have responded to a prior information notice as a call for competition detailing the number of units they are offering and the weekly rate. Officers have conducted negotiations with providers to secure best value. See Appendix 1.

2. Recommendations

2.1 That the Sub-Committee grants delegated authority to the Executive Director of Health & Adult Social Care to take all necessary steps to procure and award multiple block contracts for period of eight years (8 years), which will run with bi-annual breaks i.e. two (2) plus two (2) plus two (2) plus two (2), for residential and nursing beds.

3. Context and background information

Background

- 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 spiraled 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.
- 3.6 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.
- 3.8 Agreeing one or more short term block contracts with a set number of providers 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 and consideration of alternative options

- 4.1 Beds which are purchased on a block basis reduce the price risk of low supply, where the Council may be forced to pay higher than market rate prices for a bed, due to the immediacy of the need.
- 4.2 Beds which are purchased on a block basis guarantee provision, reducing the likelihood of waiting lists and enabling hospital discharge.
- 4.3 Beds which are purchased on a block basis can create a risk for the Council as if a bed is not filled the Council must pay for the void. We have experience in managing block contracts and know that delays which cause vacancies of more than a few days can be explained often by discharge issues from hospital or family members making decisions. We will mitigate this risk by ensuring close working between our assessment services and the Councils brokerage and supply management team to minimise these delays.
- 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.

5. Community engagement and consultation

- 5.1 The Council is undertaking extensive consultation with a range of internal and external stakeholders as part of the Care Homes Recommissioning Process, including but not limited to: Care Home Residents, Healthwatch, University Hospitals Sussex, NHS Sussex, LGBTQI Switchboard, Age Concern, Registered Care Association, Hospital Discharge Team and Public Health

6. Conclusion

- 6.1 Block contracts guarantee supply of Residential Care and Nursing Care Beds,
- 6.2 They place Council officers on a better footing on which to negotiate spot purchase placements, and
- 6.3 Approval to advertise and award block contracts on a more flexible basis before the start of the new Care Home Contract will give Commissioners the ability to secure good quality and best value for money residential and nursing home provision for the City.

7. 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. A block contract 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.

Name of finance officer consulted: Sophie Warburton Date consulted: 04/08/2023

8. Legal implications

8.1 The Council must comply with the Public Contracts Regulations 2015 (PCR) 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 inclusive of VAT). The procurement process for the light touch regime is determined by the Council taking into account the specifics of the services and shall ensure compliance with the principles of transparency and equal treatment of economic operators as set out in regulation 76 (2) of the PCR. Legal Services will work closely with officers to ensure that the process followed is compliant with the PCR.

Name of lawyer consulted: Manjinder Nagra Date consulted (08/08/23) :

9. Equalities implications

- 9.1 An extensive new Equalities Impact Assessment (EIA) was agreed and signed off in July 2022 as part of the care home contract recommission. Using more block contracts 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:
- 9.2 Block contracts can help people 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 the communities they are familiar with.
- 9.3 The same principles apply 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 can 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.

10. Sustainability implications

10.1 Not applicable

11. Other Implications

Social Value and procurement implications

11.1 Not applicable

Crime & disorder implications:

11.2 Not applicable

Public health implications:

11.3 Not applicable

Supporting Documentation

1. Confidential appendix on block contract prices

