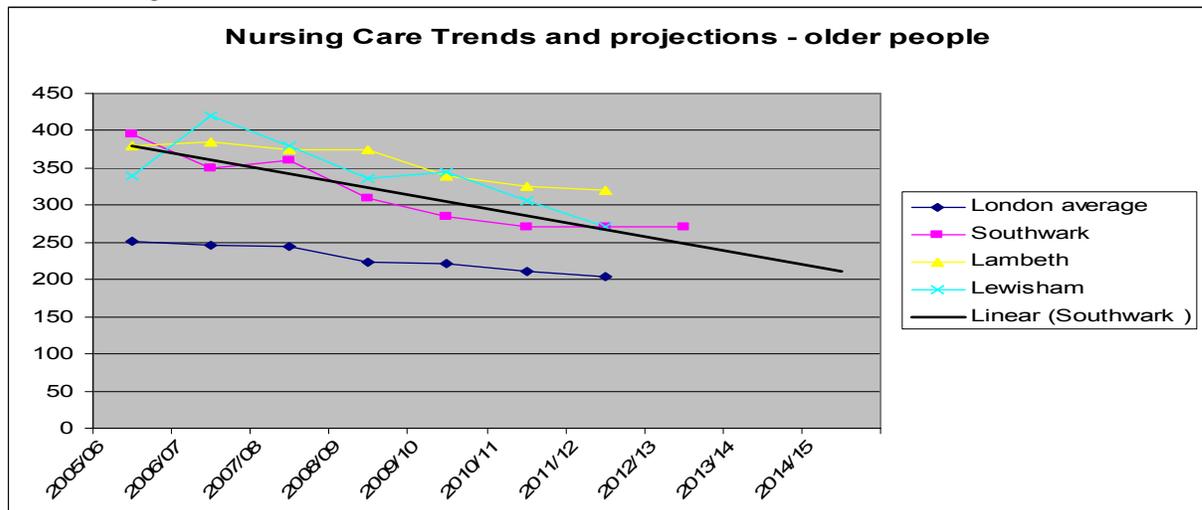


APPENDIX 1

Details of the business case for the strategy to procure a 4 year Framework Agreement for in borough nursing care homes.

- 1. Need for local homes for Southwark residents.** : The three homes referred to in this report are the only registered nursing homes in the borough available for Southwark residents. Overwhelmingly older people and their families tell our social workers if they need nursing care that they wish to remain in borough. The council is also aware that other boroughs are also often seeking good quality affordable nursing placements, and so the council wishes to ensure that Southwark residents are able to take advantage of the improved quality of care now being offered in these three homes. Given such a small local market, it is not considered feasible to undertake a full competitive procurement at this stage for homes that are of good quality and situated within Southwark at this time.
- 2. Allow for a strategic assessment of long term nursing requirements.** The council is currently undertaking further work to establish its long term needs for nursing care over the next 15-20 years. This work is being carried out in the context of a rise in the number of older residents (85+) and the increasing prevalence of people living with dementia and other forms of chronic ill health that may trigger a nursing care need. This is a complex exercise and requires careful consideration by the council, before determining what long term procurement plans may involve.
- 3.** The average number of council placements into residential care over the last seven years (alongside comparisons with Lambeth, Lewisham and London averages) is set out below. This shows a year on year decline in nursing placements in Southwark from 2005/6 to 2010/11, until a plateau out of demand over the past three years. Further work has yet to be established whether the current level of placement reflects a now established “critical mass” of people who require nursing care or if this number is likely to rise or decrease again, The work also considers what specific factors and characteristics distinguish the nursing care placement pattern in Southwark, compared to London and sector averages.



4. Due to the number of embargos placed on the homes over the past few years, use of historical placement data until 2012-13 has been distorted and therefore there is a need to use a longer term placement pattern to predict what percentage of the long term demand for nursing home beds is needed within Southwark itself. The council is therefore undertaking further analysis of demographic data. This is showing that although the growth of the older population as a whole is not as rapid as is the national trend, the number of "very old", the proportion of the older population which is living alone, and the numbers of those living with dementia or other complex health needs in Southwark is growing significantly.
5. The council is also aware of the changing aspirations of older people, the personalisation of social care, the development of community based NHS services, changing profiles of owner occupation by age, the use of assistive technology, the development of extra care housing and the prevalence rates of specific health conditions (such as dementia) that will also impact upon future nursing care requirements.
6. The council will continue to undertake further engagement with older people, their representatives and our NHS partners before reaching a conclusion as to the future need for all nursing care placements and what proportion of these will be required to be in the borough.
7. Once this work is completed, the council will then consider its longer term procurement strategy, and how new homes (if that is what will be required) can be developed in the borough, or whether to procure on a more formal basis out of borough nursing beds.
8. **Obtain continuous improvement in the quality of care.** The council is committed to build upon the recent improvements in the quality of care provided at the homes through creating a stronger and more structured contractual framework agreement. This will in certain circumstances require standards of care higher to the minimum outcome standards stipulated by the CQC. The council's requirements will be set out within service specification which will address areas such as ratio of staff to residents, staff training requirements etc. A strong partnership approach will be embedded within the framework with an emphasis upon continuous improvement in the quality care and the promotion of resident's dignity and choice. Expectations for both parties clearly set out in relation to quality assurance.
9. The council's prior commitment to introduce the London Living Wage (LLW) will become a requirement for the homes under the framework. It is anticipated that the LLW payment will attract staff with wider skills and experience and in turn help with retention and thus the quality of care being provided in the homes. Whilst the council continues to use spot contracting arrangements it has been difficult to negotiate improvements driven by payment of the LLW. This is because other boroughs currently make placements in the homes with fee structures that do not accommodate the LLW. The framework agreement will provide assurance to the providers of the council's medium term purchasing intentions (So long as good quality of care and value for money are achieved for the council) This will give the

homes a stronger bargaining position to negotiate fees with other councils that take account of the requirements to ensure that the LLW is paid.

10. **Best value principals** - The proposed framework agreement will give the council a stronger contractual position to ensure a good quality of care whilst providing a better opportunity for the council to achieve value for money in relation negotiating volume discounts. There are gaps reported in fee collection from families in nursing care homes generally, and the new framework will be explicit as to the role of the provider in this area.
11. **Improved outcomes for residents** who move onto NHS continuing care funding By allowing the local CCG to purchase from the framework, it will be easier for Southwark residents in the homes to stay in their current home when they may require full NHS funding. It will also promote the council working closely with the local NHS to maintain the quality of care provided in these homes during the term of the contract.
12. **Checking the Financial viability of the providers** The collapse of Southern Cross has illustrated the need for the council to undertake more robust checks in relation to the financial viability of a provider. The management of such risks is considered to be more practical and straight forward to address within the context of a framework contract as opposed to spot purchase arrangements.