

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 13 March 2018	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 0: Nursing Care Strategic Options Assessment	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Adult Care and Financial Inclusion	

## **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR ADULT CARE AND FINANCIAL INCLUSION**

Southwark Council spends £9.2m a year on nursing home provision. Given the increasing numbers of frail elderly in the borough, together with pressures on hospital beds and the extraordinary financial pressures that the local authorities face, it is critical that the Council looks at how to best meet future needs for nursing home provision whilst also getting the best possible value for money for nursing home places.

In December, Cabinet agreed a strategy to ensure that there were sufficient nursing home places available in Southwark. This report takes that strategy forward by considering the best way to procure places, both within the borough or outside of it when that best suits the individual's needs.

The report sets out a number of possible options and considers their merits and sets out the business case to achieve the best value for money for the Council in future procurement decisions that the cabinet will consider later in the year.

### **RECOMMENDATIONS**

1. That Cabinet approves this strategic options assessment which recommends procurement to achieve better value for money on nursing care spend.
2. That Cabinet notes that this report sets out the need and approach to repatriating spend on nursing home placements back to the borough and the need to ensure a more robust approach to contracting placements generally. Given the recommendation to procure, this may lead to one or more Gateway 1 reports to reflect the differing contracting arrangements that may be required for in borough and out of borough provision.
3. That Cabinet notes procurement will be the best way of obtaining maximum value for money when purchasing beds in and outside of the borough and the most appropriate approach to support the commissioning intention to increase access to local nursing home beds to over 300 by 2020 as set out in December 2017 Cabinet report.

### **BACKGROUND INFORMATION**

4. This report is a necessary step in the procurement process of the council. It is a spend analysis report that, given the annual spend on nursing placements and any contracting arrangements that may follow, provides an opportunity for the council to

consider its options for securing value for money from this spend. This report follows on from two reports, previously considered by Cabinet, regarding nursing care homes.

5. In December 2017 Cabinet agreed a report “Increasing Nursing Home Provision in Southwark”, which set out the councils’ strategy to increase the number of beds and the quality of local nursing care provision in Southwark (See background documents). This report followed recommendations from the Health Communities Sub-Committee, which is detailed in paragraph 6. The report highlighted that there has been a loss of nursing beds over recent years and highlights the council’s proactive response to increase local supply through the redevelopment of two sites of currently disused homes. This illustrated by table 1 below:

**Table 1: Southwark Nursing Redevelopment Programme**

<b>Nursing home</b>	<b>2015</b>	<b>2018</b>	<b>2020</b>
<b>Burgess Park, Picton Road</b>	<b>55</b>	<b>0<sup>1</sup></b>	<b>70</b>
<b>Camberwell Green,</b>	<b>55</b>	<b>0<sup>2</sup></b>	<b>0</b>
<b>D'Eynsford Road</b>	<b>0<sup>3</sup></b>	<b>0<sup>3</sup></b>	<b>75</b>
<b>Tower Bridge, Tower Bridge Road</b>	<b>128</b>	<b>128</b>	<b>128</b>
<b>Queens Oak</b>	<b>88<sup>4</sup></b>	<b>88<sup>4</sup></b>	<b>88<sup>4</sup></b>
<b>Total</b>	<b>326</b>	<b>216</b>	<b>361</b>

6. In June 2016, Cabinet considered the healthy communities sub-committee report “Time to Care”; which identified the need for proactive action to address, delivery, quality and supply of nursing care beds in the borough. This report confirms the approach to increasing local supply, as set out in the Cabinet report presented in December 2017, and the council’s approach to managing quality as set out in paragraph 10. Paragraph 44-46 sets out why providers in the independent sector are better placed than the council to provide this type of service.
7. “Care homes with nursing” (nursing homes) are 24 hour facilities regulated by the Care Quality Commission (CQC). They differ from “residential care homes” as the care of the residents is monitored and supervised at all times by a registered nurse employed by the registered provider based on site. The nurse also provides basic medical care to the residents (this function is paid for by the NHS).
8. The CQC has two nursing registration categories:
  - General Care Home with Nursing
  - Dementia Care with Nursing

A care home can be registered to provide both nursing and residential care beds within the same establishment.

9. The council uses nursing care beds to fulfil its statutory social care duties under the Care Act 2014 towards the frailest residents with complex health problems who can no longer live safely in less dependent accommodation. Nursing care homes are used extensively by the NHS for “continuing health care” needs plus a relatively

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1 Burgess Park home was decanted in December 2017 to allow for the redevelopment of the building

2 Camberwell Green was provided by HC One and was closed in 2016

3 D'Eynsford Road home closed in 2010-11, and the Council is working with the provider to redevelop the site

4 The Queens Oak home is block booked to Lambeth Council

small number of people who purchase their own care privately outside of any statutory arrangements.

10. In December 2017 the council had 291 people either permanently or temporarily placed in 90 nursing care homes, all but two out of borough. Currently there are no consolidated contracting arrangements in place between the council and any of the homes used. The price paid for each nursing care bed required is individually negotiated by the council's Brokerage Team. The council only places in homes that have a CQC rating of "Good" unless the family request a specific home for personal reasons that may be rated as "Requires Improvement".
11. The level of spend for 2017-18 is projected to be in the region of £9.2m based upon rates of utilisation as of December 2017. The current pattern of purchasing means that it is difficult for the council to achieve value for money, retain the money invested within the local economy and maintain ongoing relationships with the homes to ensure a good quality of care.
12. This Gateway 0 sets out the business case to achieve value for money from the council's spend both in and out of borough, by developing consolidated contractual arrangements. The details of the proposed procurement approach will be considered at the June 2018 Cabinet by way of a Gateway 1 report.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

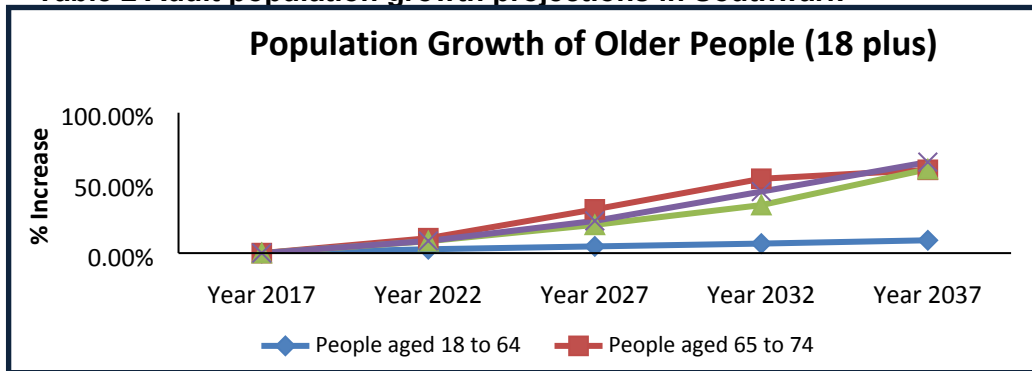
13. The Care Act 2014 places a duty on the council to assess and support frail and disabled adults with their eligible care needs. The Act also introduced duties on local authorities to facilitate a vibrant, diverse and sustainable market for high quality care and support in their area, for the benefit of their whole local population, regardless of how the services are funded. Southwark's requirements in this area are articulated in the Council's Market Position Statement 2018.
14. The Care Act 2014 also identifies the right for individuals to exercise choice in the care that they receive, which clearly extends to a nursing care establishment given that this will be the person's home.
15. Southwark's Vision for Adult Social Care is to deliver well co-ordinated personalised health and social care services to prevent, delay or reduce the need for care and support in order to live as independent lives as possible. Within the context of nursing care, placements only apply to those with the most complex care needs and increasingly for those reaching towards the end of life. In addition there is a small cohort of younger adults who will have some rehabilitative capacity to move to more independent living from a nursing home, following recovery or therapy to manage a long term chronic condition or injury.
16. Southwark Council and Southwark Clinical Commissioning Group (CCG) have developed a joint "Five Year Forward View" which sets out a vision to jointly improve the health and well being outcomes for our population, through closer alignment between the two bodies. The residents of nursing care homes are heavily dependent upon both health and social care services.
17. The recommendations as set out in this report are firmly shaped by the Fairer Future Promise 1 (value for money) and Promise 2 (Age Friendly Borough – with

links to the dementia communities program) with further recognition of the links with Promise 9 (Revitalised Neighbourhoods)

### Demographic drivers

18. The council is proactively responding to the demographic challenges of an aging population. Although Southwark’s population tends to be younger than national and London averages, the Greater London Assembly mid-census population data predicts the highest percentage increase in Southwark’s overall population (64%) is projected for those aged 85+, with a higher than average increase (59%) of those aged 65-84. (GLA Data.Gov.UK) As set out below:

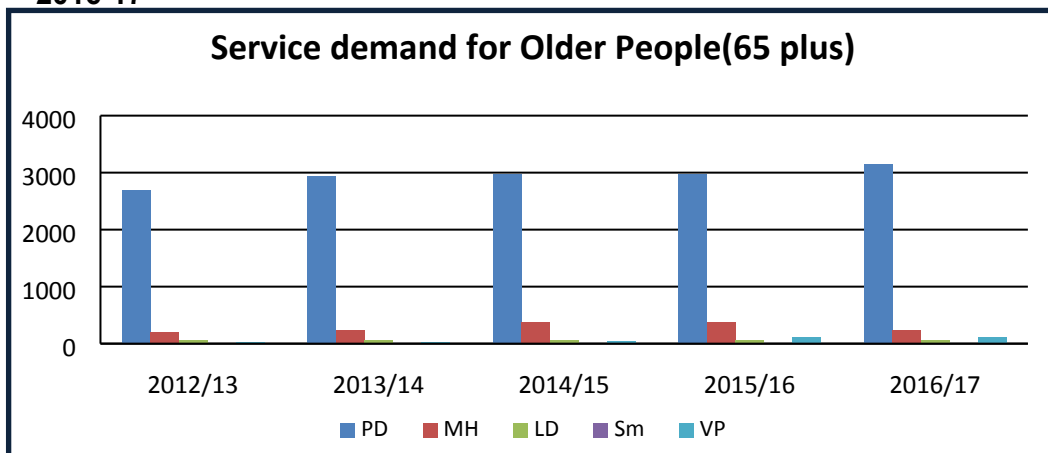
**Table 2 Adult population growth projections in Southwark**



Source (Greater London Assembly Southwark Market Position Statement)

19. The primary care needs of older people supported by the Council relate in the majority of cases to chronic and complex physical ill health and disability with the second largest being mental health. As set out below:

**Table 3 The numbers of older people being supported by Southwark Adult Social Care alongside their primary care need for financial years 2012-13 to 2016-17**

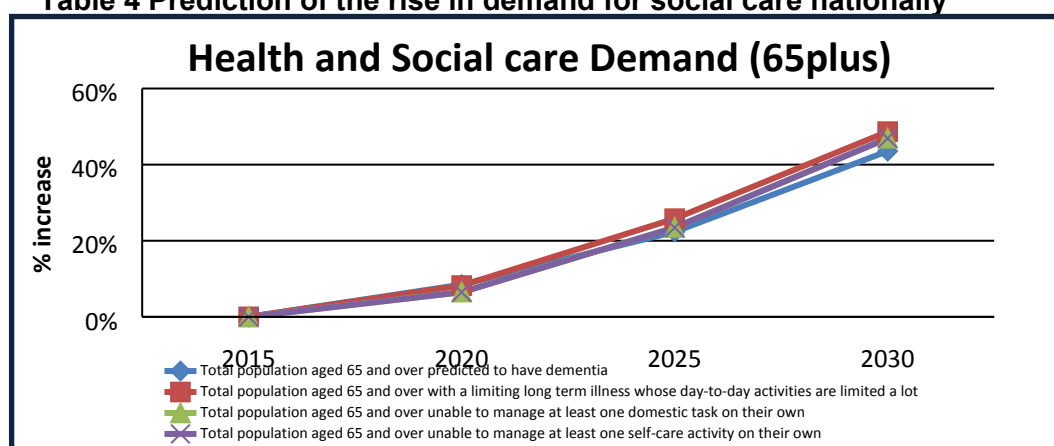


source: Reviews Assessment and Packages (RAP) Adults Performance team  
 (PD= Physical Disability, MH= Mental Health, LD= Learning Disability, SM= Substance Misuse, VP= Vulnerable Person)

20. As a result of the improvements in medical care, the demand for social care is predicted to increase significantly as more people live longer but with increasingly complex and often multiple health conditions. Newcastle University’s National

Centre for Aging published research in January 2018<sup>5</sup> that highlighted the number of older people living with 4 or more long term conditions is set to double by 2025, with one in three having either dementia or other form of mental health condition. Such medical needs are often compounded by health and economic inequalities, the connectivity of family and other support networks and whether very frail older people live alone. These factors mean that there will be a predicted rise in demand for social care support of very frail people over coming years, as illustrated in the table below:

**Table 4 Prediction of the rise in demand for social care nationally**



Source 'Projecting Older People Population Information': - POPPI

21. The council will continue to deliver and further develop initiatives that support very frail adults to remain in their own home (such as those set out in paragraph 23 below). As a result the predicted percentage increase in nursing bed demand may not be as correspondently high as the overall increase in demand implies.
22. The demand from working age adults for nursing care is not however likely to increase as significantly. The greatest demand will continue to come from those living with physical and mental disabilities alongside one of more complex health conditions. These conditions tending to be most pronounced in later middle age. However there will be a relatively smaller younger cohort living with conditions such as acquired brain injury who may benefit from intensive periods of neuro rehab in a nursing care setting as a step towards more independent living.

#### **Demand for nursing care beds in Southwark**

23. The council has been proactive and effective in responding to these demographic pressures. It has been highly successful, in partnership with the CCG in developing community based alternatives to nursing care beds for people following or avoiding acute hospital admission (i.e. night owls, double handed home care initiatives etc). These schemes have proven to be effective in supporting very frail and unwell people to leave or stay out of hospital. The services have contributed to Southwark performing well when compared to the rest of London in relation delayed bed days in acute hospitals. For example in November 2017 in Southwark as a whole there were 353 hospital bed days attributed to delayed transfer of care, which is well within the Better Care Fund (BCF) target (434).

<sup>5</sup> The Epi Cron Cohort Study of chronic disease and multimorbidity- Newcastle University January 2018

24. However the social care requirements of the very frailest with the most complex care needs cannot always be met through the services described above, and there will always be a cohort who will require a placement in a nursing care home. The lack of availability of suitable nursing care beds continues to be a significant reason for hospital bed delays in Southwark for both the council and the NHS.
25. Nursing care homes increasingly provide good quality palliative and enhanced levels of care. Repeated and long stay hospital admissions can be detrimental to both the dignity and quality of life of very frail people with complex care needs (often combined with dementia) as well as having a negative impact upon an already over stretched health and social care economy. The Southwark Joint Strategic Needs Analysis 2015 highlighted that fewer people die in care homes in Southwark than London and national averages, with higher proportions dying in hospital or their own domiciliary home. Supporting people to die at home is not practical or chosen for some, so improved access to good quality nursing care has a significant benefit for both individuals and their families alongside wider whole system gains.
26. Every year the council has to report statutory short and long term support (SALT) returns showing details of activity. These returns include a “snap shot” of the number of *permanent* nursing care residents placed at the end of the year plus the flow of people permanently placed into nursing care throughout that particular financial year. Numbers fluctuate slightly according to new admissions, deaths and respite placements at any given time. In respect of patterns of placements the SALT returns illustrate that the councils’ requirement have stayed fairly constant over recent years.

**Table 5 Nursing Care Permanent Placement SNAP Shot and Flow  
(SALT returns)\***

<b>Financial year</b>	<b>No at end of the year (snapshot)</b>	<b>Total no during the year (flow)</b>
2014-15	238	321
2015-16	230	336
2016-17	246	333

27. When compared to the whole of London, the SALT figures provide details of the total number of permanent nursing care placements across the whole of London. In 2016-17 Southwark has the 12th highest total number of nursing care placements made out of the 32 London Boroughs. (fourth highest for working age and the fourteenth highest for over 65 year olds) this includes short and permanent placements (source: SALT returns). The partnership commissioning team, on behalf of the CCG and the council is exploring bed based intermediate care to manage this increasing demand.
28. As part of the SALT returns, the council is also benchmarked against 16 comparator London boroughs with similar demographic characteristics. In relation to placements of over 65 years olds into residential care (both with and without nursing) Southwark had the fourth highest number relative to the size of the population of the group. Unfortunately these figures are not published in a form that enables comparisons of nursing only placements.
29. As reported to December 2017 Cabinet, the council had 291 people placed either permanently or temporarily in nursing care homes. This group being made up of:

- 261 people on a permanent or very long term placement primarily managed by older people and disabilities teams. The majority are older people primarily with complex physical and or mental health/dementia care needs. Working age adult placements relate primarily to complex and debilitating physical disabilities and conditions or acquired brain injuries. Most working age adults tend to be middle aged and approaching retirement age.
  - 30 older frail people in a temporary placement with a regular turnover (primarily to provide family respite or to facilitate a timely hospital discharge)
30. The CCG also funds 108 Southwark residents in nursing care homes in and outside of the borough, 80% of which are older frail adults. These beds are purchased through a pan-London NHS Any Qualified Provider (AQP) framework with external non NHS providers. This framework is restricted to CCGs and the intention locally is to continue to use this framework.
31. In addition, Southwark CCG funds Ann Moss Way, which is a service that supports older people with mental health needs (dementia) and challenging behaviours. The planned decommissioning of the Ann Moss Way unit currently operated by South London and Maudsley NHS Trust (SLaM) means that those that would otherwise have received this service will do so in Streatham. It is known that there are stresses in the system, which means that some nursing homes will refuse referrals of patients that have challenging behaviours and in some instances will insist on additional funding for one-to-one care. The council has proposed that the savings from the decommissioning of Ann Moss Way should be reinvested locally so that families and friends can more easily visit their loved ones. This local investment could be by way investing in a block contract for a wing of one of the local nursing homes that are operating, or being developed, so that the needs of this cohort of the population can be meaningfully and cost-effectively met within the borough.

### **The supply of nursing care homes**

32. Nationally the nursing care sector faces significant challenges meeting rising demand due to ill health in later life and the general demographic drivers associated with an aging population. It is estimated that an additional 71,000 nursing care home beds will be needed across England by 2025 (Kingston et al Lancet 2017). Despite the predicted growth in need, the availability of beds in London is decreasing, with a fall of 18.5% in beds per 100 people aged 75 or over between 2012 and 2016 (National End of Life Care Intelligence Network, 2017).
33. The Care Quality Commission (CQC) published a report “The State of Health Care and Adult Social Care 2016-17” (see background papers). The report highlighted that nursing care homes remain the “biggest challenge” with regards to financial sustainability across the whole health and social care economy in the UK. The report noted particular challenges in inner London and other areas with relatively low self-funder older age populations. The report also drew attention to the fact that the sector has significantly under performed in relation to the quality of care compared to comparable services (example home care, supported living, shared lives and residential care services).
34. In response to these challenges in December 2017 Cabinet considered a report setting out the strategy to increase local nursing home beds to over 300 in the borough. This figure is based upon patterns of current utilisation underpinned by the aim to provide care closer within Southwark. To achieve this aim, the council is

working with providers who own existing (currently disused care home) sites in the borough to rebuild new homes that are fit for purpose, specifically:

- Burgess Park, Picton Street SE5 – This home closed in December 2017 to be reopened as a new purpose built 70+ bed nursing care facility in 2020.
- D'Eynsford Road SE5 – which is the site of a home in Camberwell that had been closed for some time where discussions are ongoing about potentially opening another new purpose built 70 + bed unit.

35. With the temporary closure of Burgess Park there are currently now 216 beds in two nursing care homes in Southwark:

**Table 6 Nursing Care Homes in Southwark**

<b>Name of Home</b>	<b>Owner of the home</b>	<b>No of beds</b>	<b>No of permanent Southwark Council clients (nursing care)</b>
Tower Bridge, Bermondsey SE1	HC-One Ltd	128	83 (11 temporary 72 permanent)
Queens Oak, Peckham SE15 (block booked to Lambeth)	Excelcare Holdings	88	1 <sup>6</sup> (permanent)
<b>TOTAL</b>		<b>216*</b>	<b>84</b>

\*Both homes contain a mix of residential and nursing beds.

36. As per paragraph 10, the council's policies for payments is to place in "Good" or "Outstanding", never in "Inadequate" homes and with caution in homes rated as "Requires Improvement". As per Appendix 1, Queens Oak is rated as "Good". February 2018, the CQC published the outcome of their most recent inspection of Tower Bridge. CQC determined that the rating for the home should change from "Good" to "Requires Improvement". Tower Bridge is the only home in the borough that the council has ready access for making placements. Therefore, given the placement policy of the council, the change in rating speaks to the fragility of good quality supply for residents in Southwark, and the importance of the council increasing and diversifying its supply of nursing home beds in the borough. In the meantime, the council, together with the CCG, is working with HC One to deliver the quality of care the council expects.

37. The council currently uses 90 different homes (88 out of borough) although the use of these homes differs greatly:

- 9 homes accounted for 62% (161) of the permanent placements. The details of which are set out in Appendix 1.
- 18 homes contained between 3 and 5 permanent residents
- 63 homes had only 2 or 1 permanent residents.

<sup>6</sup> This placement was made through Lambeth Council.



38. Due to the limited supply of available beds in Southwark, the council places people in homes with acceptable CQC ratings, primarily in south London. However it is noted that there is and always will be a proportion of the out of borough placements made due to service user and family choice rather than lack of local supply.

### Financial sustainability

39. Although placements are made through individual service level agreements negotiated for each resident, the current arrangements do not necessarily always achieve best value. When the council compares itself against the 16 London boroughs with similar characteristics and demographic profiles, the figures (including both general and dementia beds) indicate that on average the council currently pays higher fees for both older and working age adults than most comparator boroughs. (These figures are gross)

**Table 7 - Comparative nursing care average gross weekly costs 65+**

Nursing Care	Age	Age
	65+	18-64
Southwark	£786	£1,098
Average	£760	£991
Highest	£950	£1,187
Lowest	£548	£677
Southwark's rank out of 16	7 <sup>th</sup> highest	6 <sup>th</sup> highest

Source: ASC Finance Returns and SALT activity data, 2016

### Future service requirements and outcomes

40. In summary the council has need for:
- I. Better value for money through reducing unit costs to levels at or below average costs paid by comparator boroughs. This will be achieved through developing stronger contractual arrangements.
  - II. Increased access to more than 300 permanent and temporary nursing care beds in Southwark by 2020 across age ranges and client groups
  - III. A stable and diverse market that responds to the needs of the council, the NHS and delivers choice to service users.

The procurement option will support in the delivery of these strategic objectives. However in addition to these requirements, the council will always need to purchase beds ad hoc out of borough to meet individual circumstances (example for family reasons or very specialist needs such as acquired brain injury). This will continue to be met through bespoke individual contracts with homes out of the borough.

### Strategic service delivery options and assessment

41. In order to deliver upon these strategic requirements, a number of procurement and contracting options have been considered as set out below:

### **A. Do nothing and cease providing the service**

42. The council does not currently hold consolidated contracts with nursing home providers. So allowing contracts to lapse and ceasing the activity is not an option given the council's statutory duties in this area.

### **B. Continue the status quo position**

43. This would mean continuing spot purchasing arrangements. However this is not considered a viable option as it is unlikely to be financially sustainable for the council given the demand and the financial resources available. The council's Contract Standing Orders require that contract values over £100k should be the subject of a tender. Therefore continuation of the status quo position is not sustainable.

### **C. In-source**

44. The healthy communities sub-committee presented the "Time to Care" report to the June 2016 Cabinet, which included consideration for the council to run a nursing care home itself. The September 2016 Cabinet took a view that this was not an appropriate option when it approved a subsequent report (Response to healthy communities scrutiny sub-committee report: "Time to Care: A Future Vision of Care in Southwark").
45. Providing a nursing care home requires specialist skills and work force, including delivering health care under the supervision of a suitably qualified nurse, with the necessary infrastructure to provide clinical supervision and oversight of the medical care being provided. The council does not hold the necessary expertise or CQC regulated status to operate a nursing care home-in house. Likewise the costs of in-house delivery are not likely to provide good value for the council.
46. It is highly unusual for local authority to be direct providers of care homes with nursing and it has not been possible to identify a local authority who has done so.

### **D. Shared service delivery**

47. The council has explored the opportunities of developing shared service arrangements with neighbouring authorities (given the requirement for homes to be located in or adjacent to Southwark). No London authority operates a nursing care home in house.
48. Lambeth have a long standing contract in place with Excelcare Holdings, for both residential and nursing beds across four different homes (Including Queens Oak situated within Southwark) Recent discussion relating to D'Eynsford Road, Lambeth and Excelcare Holdings have not as yet provided direct access to Queens Oak.
49. Other neighbouring boroughs already hold small scale block contracts for respite nursing beds from private operators and there is limited potential to join existing arrangements on a shared service model at this time. Lewisham and Bromley are currently considering increasing the number of block booked respite beds, but their requirements and circumstances are not the same as those in Southwark.

50. The council will always continue to explore options with neighbouring boroughs and pursue the option if it is in its best interest to do so, but it is unlikely that this will deliver all the requirements needed, so it is not being recommended at this stage.

#### **E. Voluntary sector/not for profit**

51. There remain a relatively small number of charities and Registered Social Landlords (RSL's) although not in the borough, who provide nursing care homes in the region. Two of the nine most frequently used homes set out in Appendix 1 are operated by Sanctuary (RSL) and Mission Care (Charity).
52. The council has previously discussed with NHS and potential voluntary sector development partners such as Guys and St Thomas' Community Trust and Coin Street Co-op to increase nursing care provision within the borough. Officers will continue to identify opportunities to continue these discussions, opportunities such as the potential re-provision for Ann Moss Way.
53. These, and other voluntary sector and not for profit organisations will be encouraged to tender under any future competitive procurement exercise. However this section of the nursing care market is in decline and it is therefore unlikely that all the council's requirements can be met by not for profit organisations alone and any future procurement options will not exclusively be restricted to this sector. They will however be strongly encouraged to apply in any open procurement exercise.

#### **F. External Procurement**

54. It is believed that it is in the council's best interest to develop a more consolidated contractual relationship that is most likely to be achieved through an external procurement exercise. Under EU legislation this procurement will be subject to "light touch" regulations. Therefore the council has flexibility regarding how it will be carried out.
55. The exact details of the procurement approach will be considered through a Gateway 1 report to be submitted to Cabinet in June 2018. This report will compare different procurement approaches and recommend a specific course of action to be taken to meet the strategic objectives set out in this report.

#### **Market considerations**

56. There are historical and structural challenges in the local market in Southwark. These are shared with many other areas as set out in the CQC's "The State of Health Care and Adult Social Care" 2016 report. The report highlighted that there are significant budgetary pressures facing the sector particularly in relation to staffing costs. Which are impacted by uplifts in the National Living Wage. The council's approach to addressing these factors within the procurement exercise will be set out in the Gateway 1 report.
57. The council with support from our CCG partners has been proactively supporting homes in the borough. To support the market the council introduced a standard 2% increase in fees for this financial year (2017-18). In addition the CCG provides enhanced primary care support from local GPs, the council grant funds peer quality inspection delivered by Age UK in residential and nursing homes, as well as successfully applying for a £1m grant to fund refurbishment at Tower Bridge to make it a "Dementia Friendly" building (Department of Health's Dementia Capital bidding program 2013-14).

58. Initial soft market testing amongst the most frequently used homes alongside the providers developing new facilities in Southwark, has indicated that there is interest in the council's procurement plans. The council already has a strong relationship with homes in neighboring boroughs and further market testing will be carried out in early spring to finalise the proposed procurement approach and scope.

### **Recommended strategic delivery option**

59. Based upon the information and details outlined in this report it is not thought that bringing the service in house or developing a shared delivery option would meet the council's requirements. The recommended strategic delivery option is therefore a procurement exercise that is compliant with the council's contract standing orders. That this approach will help develop local provision and deliver value for money.

### **Identified risks for the service and recommended strategic option**

60. A number of risks are identified, as set out below:

<b>Risk</b>	<b>Detail</b>	<b>Mitigation</b>
Lack of interest from the market	The CQC "The State of Care" report evidence that providers are moving away from the state funded sector towards self funder markets due to uncertainty regarding profitability	Initial soft market testing has indicated that there will be sufficient providers interested in exploring the procurement opportunity with the council. There will be further market testing to inform the final procurement strategy to be recommended in the Gateway 1 report.
Restricting future opportunities to increase local supply.	The council could be at risk of missing out on future opportunities to develop further homes in Southwark with new providers through the council entering into in long term contracts.	A full options appraisal of different contracting options will be carried out to ensure the contracting model proposed in the Gateway 1 meets the council's needs and does not hinder development within the local market. The tender documentation will be drafted in such a way as to ensure that contracts are sufficiently flexible to be able to maximise future opportunities.
Affordability	The council will not have the funds to cover the costs of the contract arrangements.	The council will be using nursing care provision in only a limited number of cases, and it believes better value can be achieved by adopting more consolidated contracts. The council also receives funding via the Improved Better Care Fund (IBCF) some of which is for nursing care.
Quality may fluctuate	Providers once on the framework may have an CQC inspection that leads to an "need improvement" or "inadequate rating"	A dynamic framework approach that selects based upon quality and cost that incentivises providers.

<b>Risk</b>	<b>Detail</b>	<b>Mitigation</b>
Paying for voids	The council may end up with a contract through which it pays for empty beds that are not used.	Contractual terms will be carefully drafted to ensure that payment for empty beds is not a feature of the arrangements.
Viability of contracts	Given the financial and demographic pressures facing the council and the provider sector, the contracts may not be viable for either party beyond funding from the IBCF which is designated up to March 2020.	The council is aware of these challenges and will ensure that the procurement approach and contractual arrangements are sustainable for both parties.

### **Key/non-key decisions**

61. This is a key decision.

### **Next steps**

62. The next steps are indicatively set out below :

### **Service Delivery Project Plan (Key Decisions)**

<b>Activity</b>	<b>Complete by:</b>
Enter Gateway 0 decision on the Forward Plan	22/12/2017
DCRB Review Gateway 0	07/02/2018
CCRB Review Gateway 0	15/02/2018
Deadline for submission to constitutional support	19/02/2018
Agenda Planning	27/02/2018
Approval of Gateway 0: Strategic Options Assessment	13/03/2018
Current contract end date	NA – all currently spot placements
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	28/03/2018
Further soft market testing and further engagement to inform procurement approach	20/04/2018
DCRB Review Gateway 1	02/05/2018
CCRB Review Gateway 1	10/05/2018
Deadline for submission to constitutional support	14/05/2018
Agenda Planning	22/05/2018
Cabinet approval of Gateway 1	05/06/2018
Scrutiny and standstill	20/06/2018
Completion of new service specification, tender methodology and documentation and any final market engagement required	20/07/2018

Activity	Complete by:
Advert and bidders event	23/07/2018
Closure of Tender process (Assuming a single stage process given much smaller market than home care)	07/09/2018
Tender evaluation and due diligence	07/10/2018
DCRB Review Gateway	End of November 2018
CCRB Review Gateway	End of November 2018
Cabinet approval of Gateway	Dec 2018
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	Dec 2018
Mobilisation of new contract arrangements	Jan 2019 onwards

### Community impact statement

63. Southwark is an extremely diverse borough and this applies both to users of adult social care, the general population and its care workforce. The nursing care population is predominantly older adults living with complex physical and mental health needs. In line with the demographic profile of the “very old” frail population, this group of residents is more likely to be female and white than the general population as a whole. Younger residents tend to be more mixed in terms of ethnicity and matching general profiles within the borough.
64. It is believed the council’s procurement plans will not have a negative impact in relation to the groups identified as having a “protected characteristic under the Equality Act 2010 and the councils’ equality agenda: race, gender, age, disability, faith and religion, sexuality, gender re-assignment, marriage and civil partnership and finally child care and pregnancy. It will however directly benefit the older population and those living with complex disabilities in particular.
65. Care homes also provide employment opportunities for local people, and once new homes open in Southwark more local employment opportunities will emerge.

### Social Value considerations

66. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are detailed below:

### Economic considerations

67. As set out in the community impact assessment (above) the workforce tends to live locally, and the award of contracts will continue to support the local economy.

### **Social considerations**

68. The council policy in this area will be carefully considered in the Gateway 1 report.

### **Environmental/sustainability considerations**

69. There is no negative impact upon the environment as a consequence of a procurement exercise for nursing care beds.

### **Plans for the monitoring and management of project**

70. The future contracts will be monitored through both the council's own contract and performance team alongside the day to day operational observational monitoring that will be undertaken by social work officers and NHS clinical partners.

71. These services are also regularly inspected by the CQC, and the council will continue to work closely with the agency to ensure ongoing quality in any home contracted following the procurement exercise.

### **Resource implications**

72. The procurement will be carried out from existing staffing resources contained with the joint council and CCG partnership commissioning team, drawing upon technical support (such as legal, procurement, finance) from the council's existing staffing structures.

### **TUPE/pensions implications**

73. There are not thought to be any TUPE considerations, and there is no former Local Government Pension Scheme liability within nursing care homes either in or outside of Southwark.

### **Financial implications**

74. The council currently purchases nursing care placements from a large numbers of suppliers, paying net the negotiated individual rate to the home for each placement. Deductions are made by the council for the Funded Nursing Care (FNC) paid by the NHS and any other contributions that the client makes. The home then collect these fees from the client or their family, referring back to the council those who refuse to pay for action to be taken.

75. The current average net cost for the council of a nursing bed is £639 for those over 65 and £1,019 for working age adults (January 2018).

76. The council's budget for care homes with nursing is under considerable pressure as a result of the demographic factors associated with an aging population and the ongoing cuts to the council's budget. The current nursing care budget across the council for all client groups is £7.265m, with significant pressures in 2017-18, primarily due to continued levels of demand and the rates paid, that could take projected spend up to £9.2m this financial year.

77. The council and CCG undertake rigorous assessments to ensure that only those robustly entitled for statutorily eligible needs are placed into nursing care homes as well as continuing to develop cost effective alternative community provision where appropriate. A review of the ways that charges and improving charging collection

will also inform the final procurement approach to ensure that the council maximises income collection.

### **Legal implications**

78. Please see concurrent from the director of law and democracy.

### **Consultation**

79. Officers have engaged with the CCG and CQC throughout on the plans.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance**

80. The strategic director of finance and governance notes the contents of this report, including that no immediate financial implications will arise from it. Future cost implications will be determined and evaluated during any procurement activities resulting from this strategic options assessment.

### **Head of Procurement**

81. This report seeks the approval of Cabinet for this strategic options assessment designed to increase access to local nursing home beds within Southwark.

82. Paragraph 59 recommends that the best approach to service delivery would be to undertake a procurement exercise in line with the council's contract standing orders.

83. Risks and mitigation related to this service are outlined in the table below paragraph 60.

84. An assessment of the potential external procurement options, as well as an estimated budget for the procurement will be outlined in a future Gateway 1 report.

### **Director of Law and Democracy**

85. This report seeks the approval of the strategic options assessment for the delivery of increased and improved nursing care provision in Southwark.

86. Under the council's Contract Standing Orders, a pre-procurement/gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or other strategically important contract for services, goods or works where requested by the relevant cabinet member. The decision to approve the report recommendation is reserved to the relevant cabinet member under the council constitution but may be referred to Cabinet for approval at his/her request.

87. Whilst the recommended strategic delivery option is for the council to undertake a competitive procurement exercise the estimated contract value of the procurement is not yet known and will be confirmed in the gateway 1 report together with the proposed procurement strategy.



## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Increasing Nursing Home Provision in Southwark Cabinet report December 2018	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="http://moderngov.southwark.gov.uk/documents/s72810/Report%20Increasing%20Nursing%20Home%20provision%20in%20Southwark.pdf">http://moderngov.southwark.gov.uk/documents/s72810/Report%20Increasing%20Nursing%20Home%20provision%20in%20Southwark.pdf</a>		
Healthy Communities Sub Committee Time to Care Report 2016	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="http://moderngov.southwark.gov.uk/documents/s60873/Time%20to%20Care%20-%20a%20future%20vision%20of%20care%20in%20Southwark%20draft%20OSC%2022%20March%202016%20v2.pdf">http://moderngov.southwark.gov.uk/documents/s60873/Time%20to%20Care%20-%20a%20future%20vision%20of%20care%20in%20Southwark%20draft%20OSC%2022%20March%202016%20v2.pdf</a>		
Kingston, A., Wohland, P., Wittenberg, R., Robinson, L., Brayne, C., Matthews, M. E., Jagger, C. (2017) <i>“Is late-life dependency increasing or not? A comparison of the Cognitive Function and Ageing Studies (CFAS)”</i> .	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)31575-1/fulltext">http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)31575-1/fulltext</a>		
National End of Life Care Intelligence Network (2017) “The role of care homes in end of life care Briefing 1 - Care home bed provision and potential end of life care need in people aged 75 or older in England” Public Health England.	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="http://www.endoflifecare-intelligence.org.uk/view?rid=1013">http://www.endoflifecare-intelligence.org.uk/view?rid=1013</a>		
State of Care Report 2016-17 Care Quality Commission	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="https://www.cqc.org.uk/sites/default/files/20171123_stateofcare1617_report.pdf">https://www.cqc.org.uk/sites/default/files/20171123_stateofcare1617_report.pdf</a>		
Newcastle University Study on co morbidity and aging.	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="https://ec.europa.eu/eip/ageing/news/national-centre-ageing-science-and-innovation-">https://ec.europa.eu/eip/ageing/news/national-centre-ageing-science-and-innovation-</a>		

Background Papers	Held At	Contact
<a href="#">announced-newcastle-university_en</a>		
ASCOF 2016-17/SALT returns	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
<b>Link (please copy and paste into your browser):</b> <a href="https://digital.nhs.uk/catalogue/PUB30122">https://digital.nhs.uk/catalogue/PUB30122</a>		

## APPENDICES

No	Title
Appendix 1	Summary of the nine most frequently care homes used by the council

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Adult Care and Financial Inclusion	
<b>Lead Officer</b>	David Quirke-Thornton, Strategic Director of Children and Adults'	
<b>Report Author</b>	Andy Loxton, Commissioning Manager (Partnership Commissioning Team)	
<b>Version</b>	Final	
<b>Dated</b>	1 March 2018	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		1 March 2018