

Item No. 20.	Classification: Open	Date: 13 July 2021	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Older People's Residential Care Provision	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Evelyn Akoto, Health and Wellbeing	

FOREWORD – COUNCILLOR EVELYN AKOTO, CABINET MEMBER FOR HEALTH AND WELLBEING

The council owns four buildings that provide older people residential care. These buildings have rooms that becomes the residents' homes for as long as the contracted provider, Anchor Hanover, can meet their needs. Residential care is a regulated service. CQC has rated the homes as Good throughout the life of the contract. The four homes are known as Bluegrove, Greenhive, Rose Court and Waterside. These homes have 48, 64, 64 and 48 rooms respectively.

The attached report seeks to undertake a competitive tendering process and award contracts commencing on 1 April 2022 for residential care provision including reablement services for older people in the four council owned properties. The tender process will be publicly advertised and using the open procedure for one or more contracts for a period of up to ten years. The contract would include a break clause which would be exercisable by either party, following the expiry of a minimum period to be confirmed.

Anchor was awarded a 25 year contract that comes to an end in 2025. Given that the contract was coming towards an end, both parties began discussions about the future of the homes. The council has been looking at the changing and current needs of the population and considering the future needs in relation to projected prevalence of dementia. Over the last few years, Anchor has identified a care model that does not include nursing care and has led to some referrals from the council not being accepted into Southwark homes. Given that the council is keen to have local residents benefit from local assets, both parties agreed that the council should seek a provider that could meet the current and future needs of Southwark residents.

In addition, there is the opportunity to address the identified gap for reablement provision with a care setting for individuals who have reablement potential and need a short term residential care bed to fulfil that potential. This form of provision would complement the community-based service which has seen residents regain their independence and therefore either need comparatively smaller care packages, and, sometimes no need for care services, following the reablement intervention.

There are three lots in this tender to allow the tender evaluation to consider bids from SMEs in lots 2 and 3. Although this is a regulated service the council's evaluation will not rely on CQC ratings from bidders. Officers will follow the model of selection used for the nursing residential care procurement and, as set out in paragraph 78, residents, their loved ones, social care and health professionals will be involved in the development of the specification. A reference group of key stakeholders will be involved in the evaluation process and this will include, where possible with C19 restrictions, visiting the homes already run by bidders.

Social Value will feature in this procurement at 15% and payment of the London Living Wage is part of the price evaluation. Both of these aspects will contribute to value for money in terms of the wider community.

I support this procurement strategy, which through the lotting system enables competitive bidding from small and medium enterprises. The tender evaluation will include payment of the London Living Wage for a workforce that is predominantly women and from Black, Asian and Minority Ethnic backgrounds and live locally. The inclusion of social value at 15% ensures that the selected provider will be an asset to local communities where the homes are based and will focus on the recruitment and retention of a workforce that has faced considerable challenges over the last 12 months.

RECOMMENDATIONS

1. Cabinet approves the procurement strategy for residential care provision including reablement services for older people in the four council owned properties (Rose Court, Bluegrove, Waterside and Greenhive), involving a publicly advertised competitive tender using the open procedure for one or more contracts for a period of up to ten years commencing 1 April 2022 to include a break clause which would be exercisable by either party, following the expiry of a minimum period to be confirmed.
2. Cabinet delegates the approval of the award of contract/s, to the Strategic Director for Children's and Adults' Services, in consultation with the Cabinet Member for Health and Wellbeing.
3. Cabinet notes that the total estimated maximum value of the contract/s is in the region of £6.5m per annum, £65m over the term of the contract.

BACKGROUND INFORMATION

4. The council uses residential care provision to fulfil its statutory social care duties under the Care Act 2014 towards those residents with social care needs who can no longer live independently in their own homes or safely in less dependent accommodation such as extra care sheltered schemes. Residential Care homes are extensively used by local authorities and in addition by a portion of people who purchase their own care privately outside of any statutory arrangements.

5. Residential Care homes are regulated by the Care Quality Commission (CQC) to provide both general and dementia care. Services usually tend to operate from large buildings, usually purpose built to meet generic and specialist care requirements of their residents.
6. Southwark's vision for adult social care is to deliver coordinated personalised health and social care services to prevent, delay or reduce the need for care and support for older people to live as independent lives as possible. The emphasis is to support residents to live in their own homes or assisted living in the community. Thus, within this context of other service options available to older people, residential care placements will largely apply to those with dementia and complex support needs.
7. The council commissions residential care placements for older people through block and individually negotiated contracting arrangements with both in borough and out of borough providers. Residential care for older people in Southwark accounts for 58% of placements, the remaining 42% is individually negotiated by the council's placement team.
8. There is a long term 25 year contractual arrangement (started December 2020) between the council and Anchor Hanover that is due to expire in November 2025. As the contract nears its natural end, it is the right time for both parties to consider the future arrangements based on their organisational responsibilities and priorities.
9. The council has been conducting a strategic assessment of what is needed in relation to residential care home provision in Southwark in the future. The assessment is an opportunity for the council to review its use of these four council owned care homes in acknowledgment of the changing landscape of care and in particular the profile of care needs.
10. This report seeks Cabinet approval for a procurement strategy that delivers on the council's statutory duty, responds to the range of needs of Southwark residents and enables provision of good quality residential care.

Summary of the business case/justification for the procurement

11. In June 2021, the Cabinet Member for Health and Wellbeing approved the strategic options assessment for delivery of residential care provision for older people taking into consideration the spend analysis and needs of Southwark residents.
12. The total spend on residential care placements for older people for 2020 to 2021 is £8m for 212 residents including void cost on the in borough block contract. Of these 124 residents (58%) were supported in borough through a block contract with Anchor Hanover in four council owned properties. The remaining 88 residents (42%) are placed out of borough through individual negotiated contracting arrangements. The price paid for each placement is negotiated by the council's placement team.

13. The main reason for this level of out of borough usage of care homes is mainly lack of suitable provision within the borough meeting needs, and to some extent resident and/or family choice. 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”.
14. The level of spend for 2021 to 2022 for older people residential care is projected to be in the region of £8m based on the trend over last three years. The current commissioning arrangements are not able to meet the changing needs of residents and fully maximise funds invested within the local economy and support most Southwark residents to stay in the borough.
15. The demographic case for investment in the UK elderly residential care sector is well rehearsed. People are living longer, over the next 20 years the population in England is expected to grow by almost 60% an additional 2.7 million people.
16. As per ONS figures, there were approximately 27,130 residents over 65 in Southwark in 2020. The population is set to increase by 41% to 38,253 by 2030.

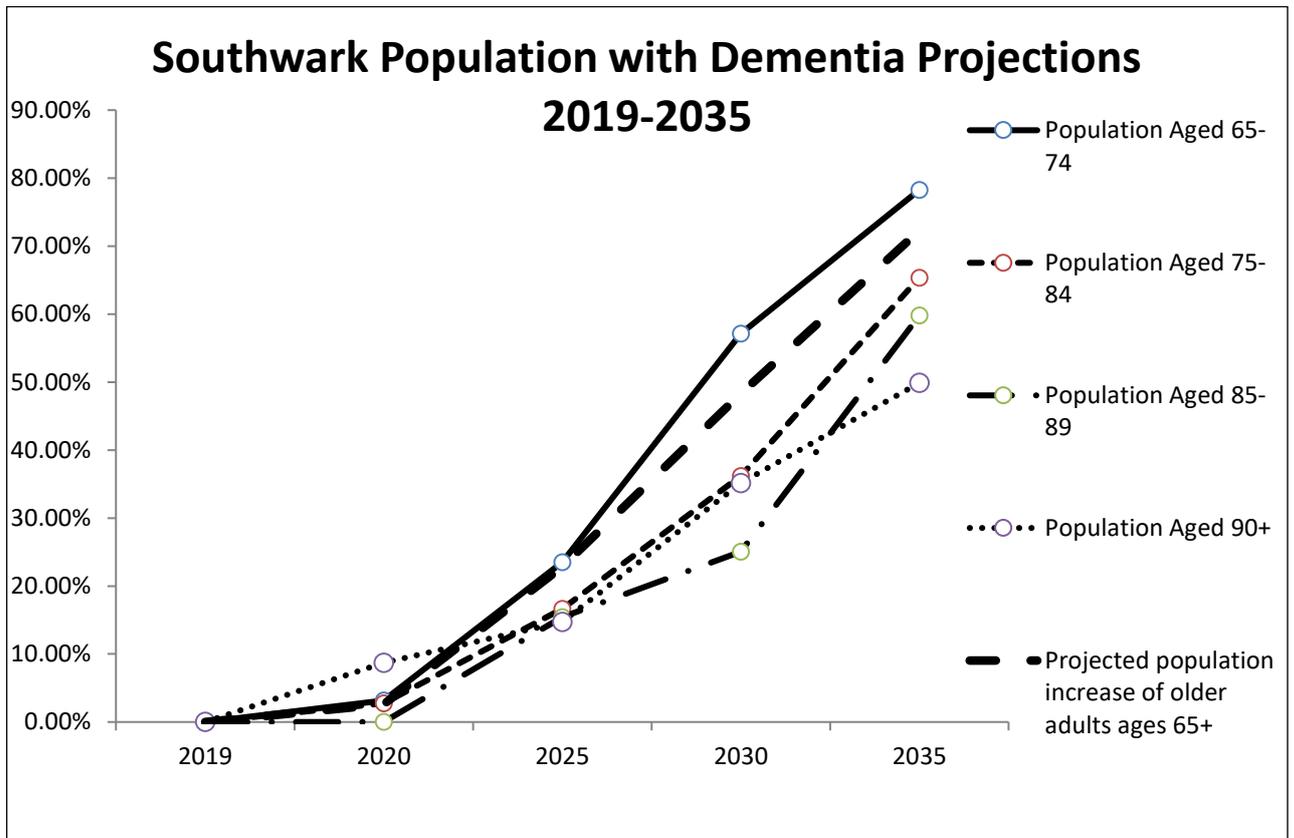
Table 1. Population growth projection in Southwark for over 65

	2020 data	2025	2030	2035	2040
% Increase in over 65s		22%	41%	71%	88%
Total population over 65	27,130	33,099	38,253	46,392	51,004

Source – ONS

17. As a result of improvements in medical care, the demand for social care is predicted to increase significantly as more people live longer but with increasingly complex and multiple health conditions. The proportion of people aged 65+ with four or more health conditions is set to almost double by 2025, with around a third of these people having a mental health problem. Covid-19 has exacerbated these trends. (Source: Integration and Innovation: Working together to improve health and social care for all)
18. Improvements in population health, for example increasing disability free life expectancy could contribute to the increasing age. However, the increasing age of the population means that in future, more people will require some form of care during their lives. It is also important to note, that the level of required care could become more intensive, since the oldest (those aged 85 and over) are more vulnerable to conditions requiring high levels of support.

Figure one. Predictions of population aged 65+ whose day-to-day life is limited due to a long term condition.



Source projecting older people population information POPPI

- The council is proactively continuing to deliver and further develop initiatives that support older people including frail elders to remain in their own home through good quality home care and community reablement and rehabilitation services. The council also has plans to increase extra care sheltered units from 135 to 189 by 2022. This increases availability means that the forecast for high demand for residential care provision will be part met by extra care sheltered services.

Demand for residential care provision in Southwark

- Southwark projects a significant increase in dementia prevalence amongst older people as indicated in the table below:

Figure two Relative increase in dementia prevalence 2019-35

Dementia cases in adults 65+	2019	2020	2025	2030	2035
People aged 65 to 69	141	146	194	234	243
People aged 70 to74	204	210	232	308	372
People aged 75 to79					

Dementia cases in adults 65+	2019	2020	2025	2030	2035
	283	290	349	390	517
People aged 80 to 84	378	389	422	510	576
People aged 85 to 89	363	363	419	454	580
People aged 90+	401	436	460	542	601
Total	1,770	1,834	2,076	2,438	2,889

21. In the context of the demographic projection and the council's offer of a range of community based services to Southwark residents, the greatest demand for residential care will continue to come from people with dementia and mental health support needs. A regulated 24 hour care environment will be required for people lacking capacity and/or who are at risk of wandering and hence are not able to live independently in their own homes or extra care sheltered schemes.
22. In addition, there is an identified gap in Southwark for reablement provision for individuals who have reablement potential and need a short term residential care bed where they can be supported to regain their confidence and physical independence so that they can return home, some with a low level of care need and others fully independent. This would need to be delivered through a dedicated unit of 16 beds with support from multidisciplinary health and social care team which would be based in one of the four homes.
23. As the current contract comes to an end in November 2025, the council has an opportunity respond to local demand and support residents with dementia and complex needs through a tendering process.
24. In summary the council has need for:
 - i. Good quality care that meets the need of the population with residential placements in borough so that families/friends can easily visit and reduce the expensive out of borough placements Increased access to dementia specialist residential care provision for Southwark residents.
 - ii. Access to short term reablement care beds to improve independence of older people.
 - iii. A stable and diverse market that responds to the changing needs of the residents and delivers high quality care in "Good" rated CQC homes.
25. The proposed procurement strategy of a competitive tendering process will enable the delivery of these strategic objectives.

Market considerations

26. Officers conducted a soft market testing exercise to gain insight of the market and assess the level of interest from potential bidders. The survey received a reasonable level of interest from the residential care provider sector. Responses were received from small to national level organisations with a broad range of experience providing residential care services for the over 65s, some with experience of supporting people with dementia and providing reablement.
27. Some of the common challenges in provision of residential care in London highlighted by providers are well known. These include unprecedented funding pressures on local authorities affecting fee rates; staff recruitment and retention, variable skills, and knowledge base of care staff, and need to provide a responsive service to a culturally diverse resident profile.
28. Providers also articulated that in the recent years, because of changing demographic profile and people living longer, they have increasingly complex needs. This requires additional staff, and inadequate staffing in care homes is a significant challenge and requires investment in ongoing training, recruitment and retention initiatives and reliance on agency staff which affects the continuity and quality of care for residents.
29. The Covid-19 pandemic has presented its own set of challenges for the sector, such as effective infection prevention to protect residents and staff; maintaining highest level of infection control, mitigating challenges caused by social distancing, such as reduced capacity in the homes; reduced contact by residents with their families due to visiting restrictions, impacting on the mental and physical wellbeing of residents. Providers have shared a well evidenced impact of Covid-19, which has been a disproportionate effect on some people with protected characteristics: people from Black, Asian and Minority Ethnic backgrounds, older people and people with some long term health conditions and other disabilities. These unequal effects have affected the care staff and residents.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach.

30. The strategic objective of this procurement exercise is to enable a good quality of residential care provision in Southwark that provides value for money to respond to the care and support needs of the residents. Several options have been considered which are summarised below including the recommended option.

Table two Procurement Options

Option	What it entails
<p>1. Commission external provider/s through a competitive tendering process</p> <p>Recommended</p>	<p>The Council places a notification on Find a Tender Service (FTS) and invites providers to bid for residential care provision in the four council homes.</p> <p>Through an open tendering process, (single stage) the Council has the option to select one provider across all four homes or two providers for two homes each. The decision to opt for two/four homes will be evaluated during the tender process using the agreed criteria.</p> <p>This option gives the Council an opportunity to select provider/s who have a track record of supporting people with complex needs including reablement. They will have the requisite expertise and governance in place to run large residential care homes. This option will also fulfil the council's statutory duty to facilitate a vibrant, diverse, and sustainable market for high quality care and support in their area, for the benefit of its residents.</p>
<p>2. An in house residential care provision</p> <p>Not recommended</p>	<p>The council provides residential care by directly employing all the care staff.</p> <p>The council registers with CQC for operating a regulated residential care service.</p> <p>The council sets up the necessary infrastructure and governance systems to support the delivery of the provision.</p> <p>Although the council has experience of running CQC regulated services, it does not currently have the expertise that an outsourced provider would bring. The homes run by Anchor Hanover are formerly council run homes. The council made the strategic decision to outsource care provision but retain ownership of the buildings. This provides two significant advantages. Firstly, the council can determine who runs the homes in Southwark and ensure contract requirements met needs and reduce voids and secondly self funders will have access to care homes which for an in house provision would not be possible.</p>

Option	What it entails
<p>3. Shared service delivery</p> <p>Not recommended</p>	<p>Jointly commission the service with neighbouring authorities.</p> <p>Alignment of timescales between the participating authorities.</p> <p>Officers have contacted neighbouring boroughs are not aware of any that are planning to commission their residential care provision that aligns with Southwark indicative timescale cross borough commissioning is likely to take longer to procure due to several complexities, these include the requirement to assess need in other boroughs and ensuring that services are commissioned that sufficiently meet the needs of Southwark residents and that of other boroughs. There is no suitable framework agreement or dynamic purchasing system (DPS) that the council can opt to join.</p>
<p>4. Cooperative/Mutual model</p> <p>Not recommended</p>	<p>Engaging with the current provider's workforce to explore the possibility of a cooperative/mutual model.</p> <p>The current workforce will set up a legal structure such as mutual or a cooperative to run the homes.</p> <p>Officers contacted the current provider with the intention of engaging with their staff, however, there has been no response.</p>
<p>5. Do nothing and decommission the service</p> <p>Not recommended</p>	<p>Decommission the service at the end of the contractual period. This will significantly impact on the safety and wellbeing of vulnerable older people.</p> <p>This is not an option as the council has a statutory duty to provide the service. Decommissioning the service will adversely, impact on the safety and wellbeing of frail and vulnerable older residents</p>
<p>6. Continue the current arrangement</p>	<p>Continue the contract with the current provider until the contract comes to an end in November 2025.</p>

Option	What it entails
Not recommended	The Council have an obligation to tender and review the current contract because of the contract end date. The needs profile of residents requiring residential care has changed and does not fit the current model of care. The contract comes to a natural end in November 2025; hence the council would have to make alternative arrangements to ensure continuity of care for its vulnerable older residents.

Proposed procurement route

Option one is recommended for the following reasons.

31. The current commissioning arrangements consist of a block contract for in borough placements and individual out of borough negotiated placements. Review work has shown this is because of the changing needs of residents. Officers will also be looking to make savings through reducing the number of voids through a robust procurement and contracting arrangement. This will see a reduction in out of borough placements where needs can be met locally.
32. The current rate paid for the in borough residential provision is approximately £570 per week, which is significantly cheaper than the current out of borough average weekly placement costs which are on average £300 more expensive per week. By commissioning new residential care provision in the council's four properties, there is significant opportunity to decrease the out of borough spend, by reducing the weekly rate and enable Southwark residents to stay in the borough close to their family and other social connections. However, it should be noted that repairs and maintenance costs are not reflected in the block contract price. There is currently a repairs and maintenance budget of £40k which is used to support maintaining good standards.
33. By commissioning this provision, through external provider/s, there is an opportunity for the council to consolidate the capital costs with care costs and achieve efficiency and better value for money. A cost benefit analysis of this consolidated approach will be undertaken as part of the tendering process and a final decision will be taken at the award stage and will be detailed in Gateway 2 report.
34. The total number of rooms across the four homes is 224 and it is expected that the provider/s will use the beds outside of the block for self funders and other local authorities which will enable the provider/s to competitively price their tender. The amount of self funders beds will be defined prior to going out to tender.

35. Through the procurement process the council will seek a contractual arrangement with the new provider/s which would seek to reduce void levels. We will endeavour to gradually build up from the current occupancy levels with Anchor Hanover when letting the contract and then building up the block in multiples of five. It is expected the maximum capacity will be 170 which is 80% of the 212 (the total number of older people in residential care in 2021). It is likely that the remaining 42 (20%) will be out of borough placements due to residents and/or family choice.
36. In addition, a significant reason for recommending this option is for the council to enable a fit for future and high quality residential care provision from provider/s who have the expertise and track record of supporting the needs of older people with dementia and complex health needs and are also able to operate a specialist short term reablement service.
37. The open tendering process will invite providers with the necessary experience of CQC regulation and governance structures to bid for contract/s to run a large scale residential care provision across four homes.
38. Through the tendering process there will be flexibility to either select one single provider for all four homes or two providers across four homes. The market warming exercise indicated that the providers would be interested in bidding for either whole or partial provision. Whilst having a single provider is likely to provide better economy of scale, with two providers there will be diversity and scope for more than one provider to operate in Southwark.

Identified risks for the procurement.

Risk	Mitigation	Level
Lack of response from suitably qualified and experienced providers to invitation to tender	Soft market testing has demonstrated that there is reasonable interest within the sector to deliver good quality residential care provision	Low
The procurement approach recommended is unaffordable	<p>Robust financial modelling will be undertaken to ensure that the price remains within the overall spend on residential care provision.</p> <p>The council can achieve efficiency by reducing the expensive out of borough placements and agreeing a standard block contract price which would reduce costs.</p> <p>The council will ensure through the procurement and contracting arrangement that it does not incur</p>	Medium

Risk	Mitigation	Level
Lack of response from suitably qualified and experienced providers to invitation to tender	Soft market testing has demonstrated that there is reasonable interest within the sector to deliver good quality residential care provision	Low
	high void costs.	
Procurement might not get completed within timescales of the agreed exit strategy with the current provider	Robust programme management is in place and this tender will be given priority by the officers. The council will seek to agree with Anchor Hanover to continue delivery of service in case of any delay in the procurement	Low
Impact of Covid-19 pandemic on the personal preference of care options: Less people are likely to choose care homes as a first choice. Service user's needs may change over a longer period of time for those who have suffered from Covid-19.	The council will continue to monitor the impact of Covid-19 on demand for services and the needs of those who have suffered Covid-19/Long Covid-19. The new contract will contain sufficient flexibility to be able to meet the needs of any potential change in service user profile.	Medium
Brexit Impact on the health care system's international workforce	Recruitment for this contract will be very minimal as majority of the staff will have TUPE rights and will transfer employment to the new provider.	Low
TUPE If there is more than one care provider selected through the process	TUPE information requested early on from Anchor to consider	Low

Key /Non-Key decisions

39. This is a key decision.

Policy Implications

40. Southwark Council's vision is to achieve a fairer future for all in Southwark. A core value of Southwark Council is to treat residents as if they are a valued member of our own family. In 2018, the council, working with the CCG, Age UK and Healthwatch engaged with older people and carers to develop a set of "I" statements for older people in care homes, as stated below:
- I have my own room in a safe, comfortable, and pleasant home near my family and supporters that has been designed and contains facilities for people like me. There is indoor and outdoor space available for socialising.
 - I am treated with dignity and compassion, and to feel safe and protected always, even if I do not have family or supporters to look out for me.
 - I want staff to get to know me and what is important to me.
 - To want respect for my values, my beliefs and my way of life, monitoring any changes in my health and wellbeing.
 - I am supported to eat and drink nutritious and tasty food, that I like and reflects my culture and beliefs.
41. Tackling inequality and injustice is a key priority for the council. Southwark's Borough Plan 2020 to 2022 sets out the council's ambition to strengthen their approach to equalities, close the gap in health inequalities and build trust and confidence of Black, Asian and Minority Ethnic patients in the health and care system. Residential care providers can respond to, embrace, and enhance the cultural diversity of their residents, staff group and the community.
42. Southwark vision for adult social care is to deliver coordinated personalised health and social care services to prevent, delay or reduce the need for care and support for older people to live as independent lives as possible. The emphasis is to support residents to live in their own homes or assisted living in the community such as extra care sheltered schemes. Thus, within the context of other service options available to older people, residential care placements will largely apply to those dementia and complex needs. In addition, there will be a cohort of older adults who will have rehabilitation capacity to move to more independent living following rehabilitation support to manage their condition or injury.
43. Partnership Southwark was established in 2019 to bring together a range of health and care statutory organisations with a view to working together with non statutory providers and service users/carers in our communities to better join up services and support, tackle the causes of inequality, improve the health and wellbeing of Southwark residents. Following the global Covid-19 pandemic, a recovery plan was developed to address longstanding health, care and racial inequalities that have been brought to the forefront by Covid-19. Joined up care is a golden thread that runs throughout the delivery of Partnership Southwark recovery plan.

44. The Care Well strand of the Partnership Southwark recovery plan aims to support the development of integrated neighbourhood based networks. These networks should keep people as healthy and independent as possible in their home, and for those admitted to hospital enables safe and timely discharge, building on the learning and the council response to the pandemic. The characteristic of care and support the council are seeking to deliver are:

- Provision of integrated personalised and proactive care to residents in partnership with all care home providers, including those who are most vulnerable (e.g., adults all ages, older people with dementia, working age adults with learning disabilities and with mental health needs).
- Consistent and equitable model of care across all care homes, which is tailored to care needs within population segments and size and nature of homes.
- Support to care homes, supported living and extra care settings for managing future outbreaks, prevent and control infection.
- A supportive efficient infrastructure that has clear access points for different services/support and advice, enabling timely response.
- Review the clinical support that can be provided for care settings within their regulatory frameworks, for staff to be skilled up to manage enabling early identification of resident deterioration and moving to a prevention model.
- Safeguard and support residents of care settings, providing personalised and proactive care.
- As part of the new model of care, ensure every care home resident is supported by multi disciplinary team through a person centred approach.
- Development of a residential and nursing home charter that formalises an approach around valuing and protecting this workforce.

Procurement project plan (key decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	15/04/2021
DCRB Review Gateway 1	20/05/2021
CCRB Review Gateway 1	03/06/2021
Brief relevant cabinet member (over £100k)	08/06/2021
Notification of forthcoming decision Cabinet	16/06/2021
Approval of Gateway 1: Procurement strategy report	13/07/2021
Scrutiny Call in period and notification of implementation of Gateway 1 decision	29/07/2021
Completion of tender documentation	23/07/2021
Publication of Find a Tender Notice	30/07/2021

Activity	Complete by:
Publication of Opportunity on Contracts Finder	30/07/2021
Invitation to tender	30/07/2021
Closing date for return of tenders	24/09/2021
Completion of any clarification meetings/presentations/evaluation interviews	21/10/2021
Completion of evaluation of tenders	29/10/2021
Forward Plan (if Strategic Procurement) Gateway 2	21/05/2021
DCRB Review Gateway 2 :	24/11/2021
CCRB Review Gateway 2	02/12/2021
Notification of forthcoming decision – despatch of Cabinet agenda papers	07/01/2022
Approval of Gateway 2: Contract Award Report	06/01/2022
End of scrutiny Call in period and notification of implementation of Gateway 2 decision	24/01/2022
Debrief Notice and Standstill Period (if applicable)	24/01/2022
Contract award	31/01/2022
Add to Contract Register	01/02/2022
TUPE Consultation period (if applicable)	01/02/2022
Place award notice on Find a Tender portal	01/02/2022
Place award notice on Contracts Finder	01/02/2022
Contract start	01/04/2022
Initial contract completion date	31/03/2025
Contract completion date – (if extension(s) exercised)	31/03/2032

TUPE/Pensions implications

45. There will be TUPE implications for staff of all four care homes from the current provider. As part of the tendering process, all the TUPE information will be obtained from the current provider and shared with the incoming provider.
46. There will be no TUPE implications for the council as there are no staff on Council's terms and conditions employed by the current provider.

Development of the tender documentation

47. The joint commissioning team for older adults and complex needs will oversee the procurement process with support from Adults and Children procurement team and council's legal team.

Advertising the contract

48. The contract will be advertised on the London Tenders Portal via ProContract and also, on the Find a Tender Service.

Evaluation

49. The tender submissions will initially be subjected to a suitability assessment and will be evaluated by officers from commissioning, procurement, and finance teams.
50. The evaluation methodology for the Invitation to Tender (ITT) stage will be agreed in conjunction with finance, legal and procurement colleagues. However, the proposed evaluation methodology will consider a combination of bids from organisations who are bidding for whole and/or partial provision.
51. The responses to the market questionnaire have indicated providers are interested in bidding on this basis. The evaluation process will comprise a methodology that assesses the best outcome for either a sole provider or two providers taking into account the highest scores for quality and price which will inform this decision.
52. The evaluation criteria will include weightings based on 55% quality, 30% price and 15% social value. The proposed balance reflects the necessary emphasis upon the quality of care and outcomes to be achieved for vulnerable residents.
53. In consideration of the market and the size and nature of care provision, the tender will include three lots:
 - Lot one is for four residential homes;
 - Lot two is for two residential homes; and
 - Lot three is for two residential homes, including reablement beds.
54. The homes will be grouped into the lots based on geographical location and/or size. Not all lots will be awarded, the number of lots awarded will either be one (lot one) or two (lot two and lot three) depending on the scores of the successful bidders for each lot.
55. Bidders are permitted to bid for one or more lots but will only be awarded one lot. For example, a bidder who has submitted a bid for all lots can be awarded lot one therefore providing a service for all four homes as long as they have scored higher than the highest scoring bidders in lot two and three.

If the bidder has scored higher than the highest ranking bidder in lot two but not lot three, then they will be awarded lot two but not lot three.

56. Bidders who can only bid for two homes, can bid for lot two and lot three and state their preference should they score highest in both lots and higher than the first ranked bidder in lot one. Whichever lot is their second preference, the second highest ranking bidder will be awarded the contract.

Community impact statement

57. Southwark is an extremely diverse borough, and this applies both to users of adult social care, the general population, and its care workforce. The residential care population is predominantly frail older adults or older people with dementia and mental health support needs. In line with the demographic profile of old frail population, this group of residents is more likely to be female and white than the general population.
58. 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, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It will however directly benefit the older population including those with mental health support needs.
59. Initial Equalities Impact Assessment (EIA) has been conducted and further EIA will be conducted as part of the tendering process and following aspects will be considered:
- Ensure the new provider/s can provide culturally sensitive personal care and activities.
 - Ensure processes are in place for carers to deliver culturally competent end of life care to Black, Asian, Latin American, and Minority Ethnic residents.
 - Ongoing monitoring of satisfaction levels across all residents on person centred quality of care.
 - Provider/s to understand how to support and manage with language barriers for those with dementia, as people can lose the ability to communicate in their language, as their dementia progresses.
 - Take specific action to improve digital access for older people.
60. Care homes provide employment opportunities for local people.
61. The council's Borough Plan includes a commitment to create a Residential Care Charter. The Charter will ensure that our most vulnerable residents are supported by a workforce (predominantly women and from diverse communities) who work for employers committed to paying the London Living Wage and providing access to training and support.

Social Value considerations

62. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic, and environmental benefits that may improve the wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

63. As set out in the community impact assessment (above) the award of the contract/s will continue to support the local economy. The service will have specialist dementia and reablement provision which will provide opportunities for career progression for care workers. Staff in these homes will be paid the London Living Wage (LLW) in advance of adopting the council's commitment to establishing a Residential Care Charter, which will be the equivalent of Southwark's Ethical Care Charter.

Social considerations

64. Residential care providers create employment opportunities for local people. As part of service development there will be joint working by the provider with health and care professionals in training the care staff. There is commitment to improve the skills and expertise of their employees to deliver outcomes for residents.
65. During 2020, the average turnover of staff in residential care homes was 6.7% in London, this is lower than the social care sector average of 9.4%; as was the turnover rate in care homes at 20% compared to the sector average of 30%. The Residential Care Charter will seek to reduce the turnover rate by requiring providers to recruit apprentices and retain them in the sector so that turnover reduces. This is particularly important in the care home sector, which has a relatively aging workforce compared to the wider sector with 31% of staff aged 55 or more years old. ¹

Environmental/Sustainability considerations

66. The successful provider will be required to comply with the council's environment and sustainability policy and would review as part of climate Action plan if they were to be awarded repairs and maintenance contract.

Areas to be explored for inclusion are opportunities:

- To reduce carbon emissions
- To reduce waste
- To increase recycling for use of recyclable or reusable products
- For greener versions of staff transport.

¹ <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/regional-information/London/London.aspx>

Plans for the monitoring and management of the contract.

67. The council's contract register publishes the details of all contracts over £5K in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
68. The future contracts will be monitored through both the quality and performance team along with annual reviews in line with the contract standing orders as well as regular reviews of individual residents that will be undertaken by social workers.

Staffing/procurement implications

69. The procurement will be carried out from existing staffing resources within the council's commissioning and social work teams, drawing upon technical support (such as legal, procurement, finance) from the council's existing resource.

Financial implications

70. The proposed annual contract value is estimated to be between £6m and £6.5m for the older people residential care provision which can be calculated by contracting for up to 170 beds with an assumed rate range between £678 and £735 per week and includes payment of the London Living Wage.
71. The proposed 170 beds will be made up of 154 residential care beds and 16 reablement beds. The current rate with the current provider is £570 per week on average, excluding any repairs and maintenance costs in which there is a budget of £40k annually. However, in recent times the council has had to place a significant number of clients in out of borough homes through negotiated contracting arrangements. The price paid for each placement is a negotiated rate and is subject to volatility. The primary driver for this enhanced utilisation of the out of borough placements is mainly driven by a declining provision within the borough and family circumstances.
72. The council has spent approximately £8m over the last three years on the older people's residential care provision on approximately 212 clients annually. There is sufficient budget to accommodate for the proposed gateway. However, it should be highlighted that the proposed gateway assumes a reduction in out of borough placements in the future, whereby failure to do so could lead to potential future void costs and consequently lead to a pressure on the budget. Additionally, to meet the current older people's residential budget, the potential provider must be willing and able to take on our complex EMI clients. This is to ensure a reduction in the average of out of borough costs in the future.

73. The current utilisation of the out of borough placements, combined with the current number of voids incurred has resulted in an inflated average weekly placement cost. The proposed gateway emphasises the use of an in borough model to reduce future placement costs, thus promoting an opportunity for an enhanced value for money for the council. The implementation of the proposed procurement strategy would seek to achieve efficiencies of approximately £200k to £400k annually by reducing the number of voids and reducing the usage of potentially more expensive out of borough provision.
74. The additional inclusion of the 16 reablement beds as part of the contract would seek to achieve further efficiencies by reducing costly short term residential placements. It has been agreed that the reablement beds will be fully iBCF (Improved Better Care Fund) funded for the first two years of the pilot.
75. The four residential buildings are council owned, therefore there is a commitment to ensure that the properties are maintained to an appropriate standard. Hence, the council has an annual repairs and maintenance budget of £40k to maintain these standards. To ensure that the properties are maintained to a strong standard, the council will incur future repairs and maintenance costs depending on the building requirements.

Investment implications

76. None

Legal implications

77. Please see concurrent from the Director of Law and Governance.

Consultation

78. Residents and families as well as staff members have been informed about the exit strategy and their views are being sought. There will be regular meetings with residents and their families to keep them informed about the progress of the procurement process. A service user reference is being set up in May 2021 to enable a structured process of engaging them in the tendering of the service.
79. Social workers will inform the development of the service specification and will provide pen portraits of residents that will likely be placed in the care homes. As part of evaluation process, service users and residents from the reference group will engage with providers to assess their expertise in supporting the needs detailed in the pen portraits.

Other implications or issues

80. N/a

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (REF: 10AS2020-21)

81. The Strategic Director of Finance and Governance notes the recommendations of this report to develop a fit for future residential care provision including the additional reablement services in the four council properties to improve outcomes for Southwark residents and maximise funds invested. The contract value of £65m over 10 years has also been noted.
82. The Strategic Director of Finance and Governance also notes the commitment to ensure the four council properties are maintained to an appropriate standard. The financial and investment implications for this proposal have been highlighted in points 67 to 70.

Head of Procurement

83. This report seeks approval from Cabinet to go out to open tender for residential care provision for older people in the four council owned properties (Rose Court, Bluegrove, Waterside and Greenhive) for a period of ten years commencing 1 April 2022 at an approx. Cost of £6.5m per annum and includes the option to include for repair and maintenance of the four properties at a cost of £40k per annum. Total approx. spend of £65m for ten years.
84. This is allowable under the Public Contract Regulations 2015 (PCR) and the councils Contract Standing Orders (CSO).
85. The report details the procurement options, the risks are detailed in paragraph 46 and the procurement exercise are detailed in paragraphs 55 to 59 confirming inclusion of social value and payment of London Living Wage (LLW).

Director of Law and Governance

86. This report seeks approval of the procurement strategy for residential care provision for older people in the four council owned properties (Rose Court, Bluegrove, Waterside and Greenhive).
87. The procurement is subject to the requirements of the Public Contracts Regulations (PCR) 2015 and the report notes that, to satisfy those requirements officers will conduct a publicly advertised competitive tendering exercise, using the open procedure prescribed under the PCR.
88. The proposed procurement strategy will also be compliant with the council's Contract Standing Orders and Public contract regulations.
89. In making procurement decisions Cabinet should be mindful of the Public Sector Equality Duty under section 149 of the Equality Act 2010, and to have regard to the need to (a) eliminate discrimination, harassment, victimisation,

or other prohibited conduct, (b) advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to (a). Cabinet is specifically referred to the community impact statement from paragraph 60, which sets out the consideration that has been given to equalities issues and notes how the service will be kept under review by way of equality analysis in order to measure the likely and actual effect and impact of the services on individuals and groups, in particular those having a protected characteristic under the Act. Cabinet is also referred to paragraphs 79 and 80 which confirm how appropriate consultation in relation to the procurement is being undertaken.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 0 - Strategic Options Assessment for Older People's Residential Care Provision	Joint Commissioning Team 4 th floor 160 Tooley Street SE1 2QH	Gemma Clayton 07908 669 001
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7014&Ver=4		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Evelyn Akoto, Health and Wellbeing	
Lead Officer	David Quirke-Thornton, Strategic Director of Children's and Adults' Services	
Report Author	Preeti Sheth, Head of Service Older People and Complex Needs Commissioning Programme	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (For Housing contracts only)	N/a	N/a
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		2 July 2021