



Report to
Cabinet

2nd June 2009

Report of
Director of Community Services

Title
Methodist Homes for the Aged – Single Negotiated Tender

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

1 Purpose of the Report

- 1.1 This report sets out the City Councils relationship with Methodist Homes for the Aged for the purchase of nursing care residential services and seeks Cabinet approval to enter into a Single Negotiated Tender for the ongoing purchase of these services.

2 Recommendations

- 2.1 Cabinet are asked to:
- 2.2 Approve the award of a contract to Methodist Homes for the Aged under a single negotiated tender, under standing order F9, for the purchase of 61 nursing care residential beds at the homes operated by Methodist Homes for the Aged and at the costs indicated in section 7 of this report.
- 2.3 Have regard to the contents of this report when considering the recommendations contained in the report relating to this matter in the private part of the agenda for this meeting.

3 Information/Background

- 3.1 Nursing care residential services are an essential element in the provision of social care and support. The services provide care and support, primarily to older people who are no longer able to live independently and require a level of assistance including trained nurses at all times. It is important that the Council ensures there is an adequate level of service and choice in the City for this group of older people such as where nursing residential care is required due to a cognitive impairment such as dementia.

- 3.2 In Coventry there are a total of 12 nursing care residential homes with a total capacity of 380 beds. One third of these homes are equipped for cognitive impairments such as dementia providing 119 beds. Services are purchased primarily by either the City Council or NHS Coventry with the level of City Council purchasing in 2008 varying between 221 beds and 244 beds at any one time. There are also a number of people who fund their own care. Vacancy levels across the city generally vary between 2% and 5%, with particular pressure on this service area being experienced over winter periods where the capacity is increasingly used to facilitate hospital discharge.
- 3.3 In 2005 Methodist Homes for the Aged purchased four care homes with nursing from ExtraCare Charitable Trust which made them the largest single provider of nursing residential care services in Coventry. Methodist Homes for the Aged is a charitable body, which is nationally recognised for its nursing and dementia care services.
- 3.4 They also operate Charnwood House residential dementia care which opened in 2004, and was developed under the New Homes for Old strategy and with whom the City Council has a separate contract with for Intermediate Care and Dementia Residential services.
- 3.5 Following this acquisition the City Council and NHS Coventry (formerly Coventry Teaching Primary Care Trust) opened discussions with Methodist Homes for the Aged with a view to entering into Single Negotiated Tenders for Nursing care services.
- 3.6 The outcome of these negotiations was that from 1st April 2006 the City Council entered into a contract for a three year period for 76 beds as follows:

Location	Number of Beds	Service Description
Abbey Park	30	Dementia Nursing
Abbey Park	15	Frail Elderly Nursing
Abbey Park	6	Extended Assessment Nursing
Allesley Hall	25	Frail Elderly Nursing

- 3.7 The contract from 1st April 2006 is the only contract awarded to Methodist Homes for the Aged without competition.
- 3.8 NHS Coventry also entered into contracts for the provision of Intermediate Care services at Stoneleigh House (14 beds) and end-of-life care at Abbey Park (17 beds).
- 3.9 The City Council has fostered a good working relationship with Methodist Homes for the Aged, resulting in positive feedback on the standard of services provided from both health and social care professionals, and users of the services. Through the extended assessment beds a number of people have also been enabled to the extent where they are able to return to their own homes who would otherwise have been admitted to nursing residential care services on a permanent basis.
- 3.10 Since the contract between the City Council and Methodist Homes for the Aged commenced in 2006 there has been a shift in the balance of purchasing of nursing residential care services with NHS Coventry now responsible for purchasing a larger proportion than was previously the case. This is a result of the introduction of national guidance on Continuing Healthcare in October 2007. This guidance sought to clarify the circumstances in which a person is eligible for NHS Continuing Healthcare based on the existence of a 'primary health need'. Where a person is assessed as being eligible for NHS Continuing Healthcare NHS Coventry are responsible for fully funding the service. The City Council and NHS Coventry have worked together in the application of this new guidance.

- 3.11 Subsequent to this changed purchasing pattern the City Council and NHS Coventry entered into a series of joint discussions with Methodist Homes for the Aged conducted over a number of months to reach a new position which met the changing requirements of all three organisations.
- 3.12 The City Council now wants to complete a new contract for the block purchase of 61 beds, a reduced level of provision for a period of two years:

Location	Number of Beds	Service Description
Abbey Park	20	Dementia Nursing
Abbey Park	10	Frail Elderly Nursing
Abbey Park	6	Extended Assessment Nursing
Allesley Hall	25	Frail Elderly Nursing

- 3.13 NHS Coventry will continue to purchase the Intermediate Care Services and end-of-life care beds. In addition NHS Coventry will purchase 10 dementia nursing beds and 5 frail elderly nursing beds. It is the intention of NHS Coventry to tender for these services during 2009/2010.
- 3.14 It is usual practice that a contract of this kind would only be awarded following a full tender process. However there are a number of exceptional circumstances that support a Single Negotiated Tender, these include:
- 3.14.1 As at 13th May 2009 there were 14 vacancies for Frail Elderly Nursing Residential Care and 4 vacancies for Dementia Nursing Residential Care in Coventry. At the same date 59 of the 61 beds to be contracted by the City Council were occupied. Entering into a Single Negotiated Tender is therefore appropriate to ensure an adequate supply of services to meet the needs of Older People in the City.
- 3.14.2 Although the City Council is reducing its contract capacity from 76 beds to 61 the overall capacity will remain unchanged at 107 beds due to NHS Coventry contracting for an additional 15 beds. Through the City Council and NHS Coventry contracting for all the beds available within the Methodist Homes for the Aged homes we have the option to use services flexibly between organisations in response to changing demands, this ensures fluctuations in demand can be managed in partnership within a clear framework.
- 3.14.3 Through the City Council and NHS Coventry both contracting with Methodist Homes for the Aged the stability of the provision is secured while best meeting the interests of both organisations. The exceptional circumstances of this arrangement and the benefits it gives to the City Council and NHS Coventry would not be achieved through an open tender.
- 3.14.4 The Single Negotiated Tender will also reduce the City Councils contractual liability from the levels of the previous contract. This ensures we continue to achieve value for money to the City Council.
- 3.14.5 Through block contracting for the 61 beds the City Council has agreed a fixed price for services which avoids the risks of higher overall costs being incurred through spot purchase arrangements.

4 Proposal and Other Option(s) to be Considered

4.1 Preferred Option

4.2 Option One

4.3 That Cabinet approve the delegation of authority to the Director of Community Services to award a contract by single negotiated tender, under standing order F9, for the purchase of nursing care residential services to Methodist Homes for the Aged.

4.4 This would ensure the continuation of services for the group of people currently residing in accommodation provided by Methodist Homes for the Aged and secure the capacity for new service users who require nursing care residential services.

4.5 Other Option

4.6 Option Two

4.7 The Council could choose not enter into a new block contract with Methodist Homes for the Aged for nursing care residential provision and spot purchase services from Methodist Homes for the Aged for existing residents and any future residents. This would expose the Council to a number of increased risks including:

- Financial risks through having to agree placement fees on an individual basis which would mean that there is less control of costs making budget management more difficult.
- Service risks through capacity potentially being used for private clients, thereby reducing the ability of the City Council to meet the assessed needs of people with a social care and support need who require this type of service.

5 Other specific implications

	Implications (See below)	No Implications
Best Value	X	
Children and Young People		X
Climate Change & Sustainable Development		X
Comparable Benchmark Data		X
Corporate Parenting		X
Coventry Sustainable Community Strategy		X
Crime and Disorder		X
Equal Opportunities		X
Finance	X	
Health and Safety		X
Human Resources		X
Human Rights Act		X

	Implications (See below)	No Implications
Impact on Partner Organisations	X	
Information and Communications Technology		X
Legal Implications	X	
Neighbourhood Management		X
Property Implications		X
Race Equality Scheme		X
Risk Management	X	
Trade Union Consultation		X
Voluntary Sector – The Coventry Compact		X

6 Best Value

- 6.1 The actions proposed in this report represent the best way of securing the on-going provision of nursing care residential services from a provider committed to quality care.

7 Finance

- 7.1 Financial information is contained within the private report on this matter

8 Impact on Partner Organisations

- 8.1 The approval by Cabinet to secure nursing residential care services from Methodist Homes for the Aged will enable the Council to maintain its excellent joint working with NHS Coventry and University Hospital Coventry and Warwickshire on delayed discharges. We are also delighted to extend the long term relationship with Methodist Homes for the Aged. They are a nationally recognised high quality provider of services for older people. By fostering long term relationships with quality providers the City Council is building capacity and quality in the independent and voluntary sector and is encouraging other care homes in the city to raise their standards in order to compete.

9 Legal Implications

- 9.1 The Councils contract with Methodist Homes for the Aged will assist the Council in fulfilling its legal responsibilities to provide social care services to older people within the City.
- 9.2 Contract services can be procured by single negotiated procedure where there are exceptional circumstances as outlined in this report.

10 Risk Management

- 10.1 There are financial risks and risks of loss of service stability if the contract with Methodist Homes for the Aged is not secured. These risks could reduce the ability of the Older Peoples Group to adequately control its budgets and could impact on the ability of the Council to provide services to a frail group of older people.

11 Monitoring

11.1 Community Services and NHS Coventry have clear quality standards, targets and monitoring arrangements. Anticipated outcomes and review mechanisms are built into all contracts. The contract will be monitored by a nominated City Council contract officer to ensure quality services are being delivered for the agreed contract prices.

12 Timescale and expected outcomes

12.1 It is expected that a two year block contract with Methodist Homes for the Aged will be completed. Any extension to the term will be subject to a satisfactory review of the services and approval by Cabinet.

	Yes	No
Key Decision	X	
Scrutiny Consideration (if yes, which Scrutiny meeting and date)		X
Council Consideration (if yes, date of Council meeting)		X

List of background papers

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Papers open to Public Inspection

Description of paper

Location

Methodist Homes for the Aged and Orbit Housing Association – Single Negotiated Tenders,
 Public Report to Cabinet, 26th July 2005.