

LONDON BOROUGH OF CROYDON

REPORT:	DELEGATED MEMBER AND DELEGATED OFFICER REPORT	
DATE OF DECISION	<i>27th Feb 2024 (Strategy) and 29th Feb 2024 (Extension)</i>	
REPORT TITLE:	Older People Residential & Nursing Care Homes– Strategy and Extension (Homes for the Future as Centres for Excellence)	
CORPORATE DIRECTOR / DIRECTOR:	Annette McPartland, Corporate Director, Adult Social Care & Health Bianca Byrne, Director Commissioning, Policy & Improvement	
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LEAD MEMBER:	Councillor Yvette Hopley, Cabinet Member for Health & Adult Social Care	
DECISION TAKER:	Councillor Yvette Hopley, Cabinet Member for Health & Adult Social Care (Strategy) Annette McPartland, Corporate Director, Adult Social Care & Health (Extension)	
AUTHORITY TO TAKE DECISION:	Approved via the Annual Procurement Plan at Cabinet on the 6 th December 2023.	
KEY DECISION?	Yes	8823HASC / 2323ASCH REASON: Key Decision – Decision incurs expenditure of more than £1,000,000 and Decision significantly impacts on communities living or working in an area comprising two or more Wards
CONTAINS EXEMPT INFORMATION?	YES	Part B Exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 as it relates to the financial or business affairs of any particular person (including the authority holding that information) and the public interest in withholding disclosure outweighs the public interest in disclosure
WARDS AFFECTED:	<i>All</i>	

1. SUMMARY OF REPORT

1.1. This report outlines several requests:

- Approval of the procurement strategy to secure a delivery and design innovation partner who will support Health and Social Care to collaboratively transform integrated community care for older people of Croydon.

- Approval to vary the existing contract to ensure the current care and support provision is secured and compliant until 31st March 2024 with the incumbent provider at the existing terms and conditions and pricing.
- Approval to vary the existing contract from 01st April 2024 with the incumbent provider having negotiated the pricing for up to an 18 month period with the option to extend for 6 months.

1.2. In order to achieve the ambitions of the strategy, the authority must continue to secure the care and support, to allow enough time for a commissioning and procurement process to take place.

1.3. This report and the recommendations contained within it support the following Council priorities in the Executive Mayor's Business Plan 2022 - 2026:

- **Sound financial management and sustainability** – *ensuring services are value for money and maximising opportunities for joint investment*
- **Good customer service and operational delivery** – *delivering services that are outcome focused and informed by the resident's voice on what they need and would like from services.*

1.4. Nationally, integrated care is focal in health and social care reform, brought about by the 2022 Health and Care Act. Croydon Adult Social Care and South West London Integrated Care Board (SWL ICB) – *Croydon Place* recognise the need to work collaboratively to achieve better outcomes, utilise resources and demonstrate best value duty.

1.5. In July 2022; Health and Social Care began to work on a procurement exercise for the care and support provision at the three care homes (Heavers Court, Langley Oaks & Addington Heights), this procurement exercise was to continue to deliver the residential and nursing care that was currently being delivered but also introduce the addition of intermediate care. Unfortunately, this procurement exercise was unsuccessful due to lack of suitable bidders.

1.6. As a result of the failed tender, Health and Social Care colleagues came back together to ascertain how we:

- Make future opportunities look more attractive to the market.
- Communicate the opportunity to the market.
- Make best use of current assets to address key challenges being faced by both organisations (NHS & Local Authority).

This resulted in the development of a transformation project to establish how we can collectively best serve the health and care needs of older people in Croydon and acquire the expertise to support us in achieving 'Centres of Excellence' to meet the evolving needs of older residents.

Please see Part B for further information.

1.6 Staff engagement has been undertaken across a wide variety of local health and social care teams who have contributed to the development of the strategic plans, indicating general support for the proposed transformation.

1.7 Research into alternative delivery models and different commissioning approaches which were more relationship-based and developed around partnerships provided an outline for the 'art of the possible' and initial conversations with a few Community

Interest Companies (CICs) proved positive, which has led us to developing the proposed strategy.

- 1.8 The expected completion date of the procurement exercise for a design and delivery innovative partner and mobilisation of the contract is 01st October 2025.

2 RECOMMENDATIONS

FOR CCB

The Contracts and Commissioning Board (CCB) is requested to approve the recommendations in this report respectively to the Cabinet Member for Health and Adult Social Care and to the Corporate Director Adult Social Care & Health as set out below:

FOR CABINET MEMBER

For the reasons set out in the report and its appendices the Cabinet Member for Health and Adult Social Care is recommended by the CCB, with the approval of the Cabinet Member for Finance:

- 2.1 To approve the procurement strategy set out in this report to procure a contract for the care and support provision at the three Care Homes: Addington Heights, Heavers Court and Langley Oaks, for a period of 10 years with an option to extend for up to a further 3 years at a maximum value of £81,900,000.

FOR CORPORATE DIRECTOR

For the reasons set out in the report and its appendices, the Corporate Director of Adult Social Care & Health is recommended by the CCB with the approval of the Cabinet member for Health and Adult Social Care and the Cabinet member for Finance:

- 2.2 To approve that the existing contractual arrangements with the incumbent provider, Care UK be extended until 31st March 2024 at a value of £3,173,000, resulting in an aggregated value of £85,073,000 to 31st March 2024.
- 2.3 To approve a further extension from 01st April 2024 with the incumbent provider for a period of 18 months with an option to further extend for an additional six months on the terms set out in part B.
- 2.4 To note both extension periods are required in order to complete the procurement activity set out in the procurement strategy detailed in this report.
- 2.5 To note the price agreed for the extension period 01st April 2024 – 30th September 2025 includes the additional value of Funded Nursing Care (FNC) which the Authority pays to the provider but is claimed back from the NHS to support Nursing Care bed provision. The current FNC rate for 2023-24 is £219.71 a week, which has been used to calculate this cost. The uplifted FNC rate for 2024-25 is currently unknown but will be included in the budgeted costs once it is confirmed. This additional value is only applicable to 30 of the beds out of 150.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The current provision for care and support at the three care homes under the PFI contract has been in place since 2011, with minimal change or development in the level and type of care provided. The strategy set out in the report outlines the intent to

develop a more integrated model of care by procuring a delivery and design partner and transforming the sites into Centres of Excellence.

- 3.2** It is imperative that care and support is secured by the Authority to ensure that it remains compliant with its duties under the Care Act.
- 3.3** The current contractual arrangements were intended to be extended by 6 months until 30th September 2023 to enable mobilisation of the re-tendered service, which was originally scheduled for August 2022 but delayed to January 2023, due to complex lease arrangements needing to be included within the process.
- 3.4** In fact, this period was not required for mobilisation as the re-tender failed. Instead, the contractual arrangements were informally extended and the period between April 2023 - September 2023 was spent exploring the reasons for the failed tender, understanding what contractual levers we could execute and establishing a project to move forward with a new commissioning approach. A further 6 months contractual term until 31st March 2024 was agreed in principle with the incumbent provider at the same terms and conditions and pricing.
- 3.5** Arrangements beyond 31st March 2024 have been negotiated continuing with the same terms and conditions of the contract, plus an inflationary uplift of 6%. The incumbent provider has agreed to an initial extension of up to 18 months from 01st April 2024 – 30th September 2025. If at any point our procurement strategy timeline slips, and the incumbent provider is still required to deliver the care and support, they are willing to extend for an additional 6 months however this will need to be confirmed by 31st March 2025 and the contract extended until 31st March 2026.
- 3.6** Confirming the length of the contract by 31st March 2025; benefits the Authority in the following ways:
- If the additional 6 months is not executed and the contract ends on 30th September; work with the incumbent provider on exit planning, mobilisation and TUPE processes can begin in a timely fashion. A project plan from the incumbent has already been provided which outlines 4-5 months' worth of activity to ensure a safe exit plan.
 - A matrix for an inflationary uplift has already been agreed therefore we can continue to predict expenditure.
 - If the additional 6 months is required, then continuity of care is secured at a fixed cost and will not impact on the focus of the procurement as no further negotiations will be required.
 - Legal paperwork and communications can be drawn up and agreed in advance.

4 BACKGROUND AND DETAILS

- 4.1** The Council entered into a PFI contract with Caring for Croydon (the Special Purpose Vehicle) to build new social care assets and provide ongoing facilities management (FM) for a period of 30 years. This was signed in December 2006.
- 4.2** The PFI contract covers the design, build and operation of four facilities:
- **Heavers Court:** registered nursing home for over 65s, dementia, learning disabilities, mental health conditions and physical disabilities.

- **Addington Heights:** registered nursing home for over 65s, dementia, learning disabilities, mental health conditions and physical disabilities.
- **Langley Oaks:** registered residential home for over 65s, dementia, learning disabilities, mental health conditions and physical disabilities.
- **Fellows Court:** an extra care facility for over and under 65s, dementia, learning disabilities, mental health conditions and physical disabilities, sensory impairment, and substance misuse.

4.3 While all the above facilities are designed, built and maintained (including hard and soft FM) through the PFI contract, the care and support for residents is commissioned and contracted separately.

4.4 The contract for care and support was originally awarded to Care UK for a 10-year period at the Cabinet meeting of 6 April 2011 for a value of “circa £75m” across all four sites following a compliant procurement process (CCB Approval no. CCB0381/1).

4.5 After a number of years, the care and support contract was subsequently separated and split into two separate contracts.

- The care and support delivered at the Care Homes: Heavers Court, Addington Heights and Langley Oaks, which continued to be provided by Care UK
- The care and support delivered at the Extra Care Scheme: Fellows Court, which was awarded to London Care.

This report sets out the commissioning intentions and procurement strategy in relation to the care and support provision across the three care home sites only.

4.6 In 2021, the Care Home contract with Care UK was extended by 21 months until 31st March 2023 for a value of £10,700,000 to avoid a break in service during the pandemic. [Cabinet meeting 12th April 2021, CCB Approval No. CCB1662/20-21].

4.7 The strategy to re-procure the service provision across all four sites via an open procurement process was agreed at Cabinet on 06th July 2022 (CCB no. CCB1747/22-23) to coincide with the end of the contract extension. The tender was published on 13th January 2023, split into two LOTS:

- LOT 1 – Care and Support delivered at the Care Homes and
- LOT 2 – Care and Support delivered at the Extra Care Scheme.

4.8 The tender for LOT 2 was completed and has now been awarded to the successful bidder.

4.9 Due to a lack of suitable bidders, the LOT 1 tender failed. Feedback received from the market, including the incumbent provider who did not submit a bid, identified that the reason for the failure was predominantly related to the specification not providing enough direction or detail as to the future expectations of the service. The vision for the future which included integrating health functions such as bedded intermediate care at the three care home sites was not clear and appear to be high risk. It was concluded that this required further scoping and development, therefore it would not be beneficial to re-publish the tender without improvements to the ITT documents, the service specification and without wider pre-engagement with the market, jointly delivered by health and social care.

4.10 Please see part B for further details.

- 4.11** Please see part B for further details.
- 4.12** Please see Part B for further details.
- 4.13** Please see Part B for further details.
- 4.14** Please see Part B for further details
- 4.15** A Care and Support Strategy Working Group was established and has been meeting since August 2023 to develop a clear proposal and rationale to support an options appraisal for the new model. This meeting is attended by legal, procurement, commissioning, and operational colleagues.
- 4.16** A separate working group focusing on the Health needs of the new model also was established and is working on how best to incorporate the latest framework for integrated intermediate care, recently published by NHS England (2023) which describes the ways in which commissioning and provider organisations can innovate and enhance services in this service area. [Intermediate care framework for rehabilitation, reablement and recovery following hospital discharge.](#)
- 4.17** A full Transformation Project Brief was developed in October 2023, and includes actions to:
- Work with Public Health to complete an older person’s population needs assessment.
 - Complete staff and resident engagement around current older people’s services and ideas for change.
 - Conduct a comprehensive review of current services within the sites, along with benchmarking exercise comparing services to best practice examples.
 - Explore potential future delivery options, including alternative service delivery models, while assessing the associated risks and benefits.
 - Reinforcing contract performance management of existing services to maintain performance during this period of uncertainty.
 - Develop clear milestones of transformation required and the service provision that is needed.
- 4.18** This is accompanied by a project plan which is broken down into the following themes:
- Establishing best practice models
 - Staff and resident engagement
 - Market engagement
 - Procurement exercise
 - Governance
- 4.19** When the original contract was tendered in 2011, demand within Croydon for older people’s services was significantly different to what it is today. The lack of flexibility within the original contract prevents the care delivery from evolving to meet these changing needs within the borough. Over the years, changes to commissioning structures and staff turnover have also resulted in a lack of contract management, with no established space until recently for the provider and commissioner to horizon scan and discuss the strategic direction of the care needed.
- 4.20** This led us to exploring what alternative service models and alternative commissioning approaches could be used to secure our desired outcomes. Research into innovation

partnerships and using more relational commissioning approaches have provided the evidence-base to support how we have developed the commissioning and procurement strategy, which should address how best to secure the current provision but also address the transformation required.

- 4.21** The Leicestershire’s Children’s Innovation Partnership (CIP) was the closest example we found of public services developed and delivered in consultation with local providers and service users. Leicestershire Council sought to create a partnership with co-production, co-investment and co-delivery principles all built-in. To do this they used the flexibility of the Light Touch Regime to engage with the market to develop a partnership model and a tender which aimed to assess the suitability of potential partners rather than a service solution. Leicestershire developed an innovative two-tier contractual arrangement for the CIP and extensive pre-procurement market engagement was undertaken to continually inform the specification and create an attractive contractual agreement.
- 4.22** The Jean Bishop Integrated Care Centre in Hull is a leading example of proactive integrated care. People are referred to the service by GPs and receive a bespoke care plan following same-day appointments with a range of health and social care professionals who work collaboratively to help support frail and elderly people, to stay out of hospital and living independently at home or in their care setting.
- 4.23** It is recognised that the experience and expertise to develop a model to deliver Centres of Excellence, incorporating a variety of types of care ranging from long-term care, respite, intermediate care and also proactive care (as per the Jean Bishop Integrated Care Centre example), does not currently exist within the resources available to the Council and health.

5 ALTERNATIVE OPTIONS CONSIDERED

Procurement Options

- 5.1** Reflections on options for a new procurement considered the following key aspects:
- potential for creativity, service evolution and fostering multiagency collaboration.
 - potential for delivering a range of services and delivery models.
 - challenging whether to commission or provide services directly.
 - consideration of timeliness of implementation.
 - value for both the Council and its stakeholders.
- 5.2** By considering these key aspects, the aim was to identify strategies that optimise the potential of the Council’s assets to contribute to the wider health and social care broader objectives, driving additional benefits for service users and the health and social care economy.
- 5.3** The project explored a full range of options and evaluated 6 different potential models against a range of factors. The table below summaries the options and conclusions of this process.

Table1: Summary of Options Appraisal and Shortlist

Option	Advantage	Disadvantage	Shortlist
1) Do nothing.	• None	• Residents left without care and support.	No

		<ul style="list-style-type: none"> • Lack of service continuity. • Reputational damage to the Council. 	
2) Directly deliver the Service: in-source.	<ul style="list-style-type: none"> • Restrictive timeframe for the transformation work to take place. • Could be a quicker solution to doing an external procurement. • Continuity of service delivery could be achieved. • Can start developing the intermediate care service as a priority next step. 	<ul style="list-style-type: none"> • High cost as the organisation would be subject to TUPE. • Higher risk to the Council, directly delivering the service makes us responsible. • Would have to obtain more capacity in order to deliver therefore additional recruitment would be required. • Unclear whether we have the relevant expertise in house to take on in-sourcing. 	No
3) Re-run the tender to procure residential and nursing care with intermediate care development as previously.	<ul style="list-style-type: none"> • Includes service development as part of the specification. • Long term contract. 	<ul style="list-style-type: none"> • Risk of failed tender – feedback from the market from previous tender indicated cost and scope of future development were reasons that providers did not bid. • Requires intensive market engagement to ensure success. 	No
4) Develop a new procurement exercise based on current provision – no innovation or change.	<ul style="list-style-type: none"> • Previous paperwork for procurement would already have been completed so could speed up the process. • Less likely to result in a failed tender due to reprocurring the same provision. • Less market engagement would be required. 	<ul style="list-style-type: none"> • Not what the organisation needs for the future of care and support. • Would not result in the type of provider that we want to work with to drive change. • Does not account for innovation and change in the provision. • Could result in a higher cost per bed for very basic levels of care which we know can be obtained in the current market at a cheaper rate due to the additional PFI FM costs. 	No
5) Procure a design partner to develop the future service and then procure a delivery partner.	<ul style="list-style-type: none"> • Design partner will work with the Council to develop the future service. • Partner will have expertise in transformation only. • Opportunity to better meet the needs of the residents of Croydon. • Could result in a better outcome for a delivery partner for the longer term. 	<ul style="list-style-type: none"> • Would still require interim service delivery arrangement to ensure continuity of statutory duty provision for a procurement exercise to take place in a realistic timeframe. • Increased cost to the organisation due to having to secure a design partner ahead of a future procurement for a delivery partner. • The project would increase in length of time required to complete design phase. • A further procurement will be required once the service has been designed. • Resource intensive for an extended length of time. • Could result in the delivery partner not agreeing to the proposals developed with a design partner. 	No
6) Procure a delivery and design partner who will be able to deliver the service as is, whilst designing the future service.	<ul style="list-style-type: none"> • One partner to design and deliver the service, providing continuity of care and support as well as transforming care for improved outcomes. • Could result in the type of provider we need to deliver the right care for people over a significant time period. 	<ul style="list-style-type: none"> • Would still require interim service delivery arrangement to ensure continuity of statutory duty provision for a procurement exercise to take place in a realistic timeframe. • Different way of working, limited experience of contractual partnerships. • Engagement from Health colleagues where this an initial greater interest for the Local Authority. 	Yes

	<ul style="list-style-type: none"> • Design partner will work with the Council to develop the future service. • Partner will have expertise in transformation. • Opportunity to better meet the needs of the residents of Croydon. • Only one procurement process required. 		
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5.4 Options 1, 2, 3, 4, and 5 were rejected for the negative aspects detailed in the above table. These options did not result in meeting the care and support needs required on a longer term basis or could not be executed within a timeframe that is appropriate and would support the agenda of the borough. Our ASCH Managing Demand transformation programme and national Frontrunner Programme for hospital discharge could be supported by the transformation of these assets.

5.5 Option 6 was considered in detail and discussed with legal and procurement experts to establish feasibility and aid in understanding what processes we could use to obtain the right type of partner, whilst ensuring that we met the requirements of the light touch regime of treating all potential bidders in a fair and transparent way, where this service falls within schedule 3 of the PCR 2015. This concluded with option 6 being the preferred option. Partnering with an expert in the field to evolve the contract at the same time as delivery of the current model was felt to give the best options for value and learning from experience, whilst working on transformation. This option is feasible because a longer term interim solution has been obtained with the incumbent provider.

5.6 Please see Part B for further details.

Further consideration for Option 6

5.7 In order to maximise the opportunity and successfully develop the service, we are looking to procure a delivery and design partner who will deliver the service as it currently is, whilst working in partnership with the Council and key stakeholders to co-design services by sharing expertise and knowledge in the delivery of innovative solutions and then implementing and delivering the change. The proposed term for the contract is an initial 10 years with opportunity to extend for an additional 3 years. The total term of 13 years for the care and support contract aligns with the end of the PFI agreement in 2038. The structure of the PFI contract means that after 30 years the three nursing and residential homes will return to Council ownership.

5.8 Our current contractual terms and conditions are unlikely to be suitable for this type of partnership, so we seek to create a collaboration agreement to establish the relationship on the right footing, market engagement helps to inform the development of such a document with clear communication arrangements. The collaboration agreement should allow the flexibility required as the transformation becomes more successful with change controls.

5.9 The design and delivery partner would bring expertise in a broad range of adult services to the Care Homes, derived from their ability to demonstrate their methodology for locally tailored delivery and experience in delivering public services. The partner will need to understand the factors involved in positive system change and

model these behaviours at every level in the system. They will have to meet the following essential requirements which will be absolute and form the baseline of everything the partnership is built up:

- Share the same vision and direction as Croydon for this transformational work.
- Be a supportive, credible organisation with a serious methodology in engaging in the community.
- Be purpose driven, fully invested and work in a transparent and open way to demonstrate quality services and the value of public money, where a responsible return is agreed collaboratively.
- Work in an interactive way with the Local Authority and Health to optimise provision at three adult care homes.
- Build quality relationships to help achieve better outcomes for resident.

5.10 The anticipated benefits of the partnership are:

- Developing bespoke capacity in a challenging independent market.
- Enhancing the Council's social care offer with fresh and creative approaches.
- Enhancing management solutions for existing services.
- Co-producing an outcomes-based value-for-money service delivery model.
- Offering complete financial transparency using open book processes.
- Maximising availability of funding opportunities, bringing in investment.
- Developing services flexibility in an unpredictable trajectory of demand.

5.11 Anticipated outcomes will be based on the 6 themes of '[Making it Real](#)' by Think Local, Act Personal. Each of these themes focus on 'I' Statements – *what good looks like from the perspective of someone who draws upon care and support*, and 'We' Statements – *What people who work in care and support should be doing to make I statements real*. The relevant I / We statements will be selected as outcomes to focus on over the duration of the contract. Co-developed milestones and outcome measures will be sought as part of the initial design work with the new partner.

5.12 Using the partner's expertise and understanding of transformative change, we are expecting to co-design how the care and support can change and be delivered throughout the lifetime of the contract. This will create clear outcomes which will be developed into phases or milestones which will form indicators of success. We will be clear within the market engagement on what we are hoping to achieve first and foremost which would be initially taking over the existing care and support provision with a focus on quality improvement and delivering a high standard of care whilst carrying out the designing of the future of the service.

5.13 The milestones could look like the outlined below:

Phase/Milestone	Description
Phase 1	<ul style="list-style-type: none"> • Delivery of the existing function (residential and nursing) and improving operational standards, such as improved activities offer embracing community assets and understanding how this could add social value. • Staffing review – training needs and building relationships with existing staff. • Quick wins – things that can be improved quickly. • Plan for phase 2 developments.
Phase 2	<ul style="list-style-type: none"> • Co-design the scope of intermediate bedded care.

	<ul style="list-style-type: none"> • Begin co-design and planning for Phase 3 activity – building pathways with health and ensuring integrated care is a reality.
Phase 3	<ul style="list-style-type: none"> • Embed and deliver scoping of phase 2 - integrated care. • Begin co-design and planning for Phase 4.
Phase 4	<ul style="list-style-type: none"> • Embed and deliver scoping of phase 3. • Begin co-design and planning for Phase 5.
Phase 5	<ul style="list-style-type: none"> • PFI considerations and service continuity. • Preparing for potential change and/or potential contract extension.

Procurement Process

5.14 Initial conversation with legal and procurement colleagues have indicated that using a process that is aligned with a Competitive Dialogue could result in obtaining the right type of partner and could provide the flexible approach required. Potential bidders would be invited to respond to the opportunity via the Standard Selection Questionnaire stage and then invited to participate in an active phase of dialogue and then submit Final Tenders.

Proposed contract management approach

5.15 The Older People & Carers Strategic Commissioning Team will have the remit of monitoring the success of the partnership. Initially this will require the expertise of the Strategic Commissioning Manager in this team to oversee the commissioning and procurement process and see through the final development of the collaboration agreement. Where this is not a standard procurement process; a governance structure for accessing milestones and monitoring progress will need to be established which will be required to report into Health and Social Care senior management teams.

5.16 Commissioning will work with Procurement to stratify the new contract in line with the corporate contract classification tool, this will determine whether the contract should have a platinum or gold rating.

5.17 Some standard KPIs will be applicable for the current, as is, delivery of residential and nursing care and outcomes linked to the 'I Statements' were previously developed for the original procurement which we can be included. However the co-design of the transformation will need to be linked to milestones.

5.18 A significant amount of time will need to be spent with the partner once the collaboration agreement is live to establish a core team of who will be taking forward differing elements, but regular meetings will be part of the design and delivery process. Annual reviews will determine and assess the progression of the innovation, design and transformation.

5.19 The Croydon Market Management – Care Quality Team and the CQC will still monitor the service in relation to the fundamental standards associated with regulated care to ensure that service users continue to receive quality of care throughout the life of the contract.

5.20 Obtaining service user feedback will be paramount to the collaboration agreement and could be undertaken jointly or individually. Feedback will be taken into account when assessing the success of the contract.

Evaluation Criteria

5.21 The evaluation process is yet to be fully designed and will be informed by the market engagement sessions. There will be the usual Quality / Social Value (SV) / Price elements to assess, however the main premise will be how we assess the capability and track record of bidders in transformation work. Therefore a higher emphasis on quality and social value will be required – likely 80% and price 20%. Initial thoughts are centred on assessing the following high-level areas.

Quality Criteria	
1	Experience and ability to deliver the existing service provision
2	Experience and ability to co-design and transform services within Adult Social Care
3	Quality Assurance Standards and Improvement
4	Experience of working in Integrated Care/transformation track record across whole systems change programmes
5	Social Value – linked to the resetting of the relationship work led by the Mayor
Price Criteria	
6	Ability to meet the pricing envelope

5.22 It is intended to involve health and social care staff in appropriate parts of the evaluation and dialogue, and where appropriate service users or the resident voice.

5.23 Please see Part B for Procurement timeline.

Alternative Extension Options

5.24

Option	Pros	Cons
Option 1: Do nothing. This option was rejected	None	The service is required to deliver statutory care to existing and new residents. If we do nothing, there is a risk that the residents will be left without support.
Option 2: Agree a short-term extension	Continuity of Care and Support	Transformation work will be limited during this phase, but a good standard of care and support will be retained.

5.25 Alternative options to an extension with the provider were considered, as per the table above, however they were discounted on the basis of feasibility and time constraints. The feedback received from the procurement opportunity in January 2023, meant it would have been challenging to re-run the procurement, accounting for the necessary updates to the documents that were required within the timeframe we had.

6 CONSULTATION

Extension

- 6.1** The decision to extend the contract was taken in consultation with Council colleagues and the incumbent provider and agreed in order to prevent a gap in service provision while work on the procurement strategy took place.

Strategy

- 6.2** In relation to the strategy, multiple staff engagement sessions were carried out between August and November 2023 jointly with the PFI contract manager, with Health and Social Care colleagues, (One Croydon Alliance partners including, primary care, community services, acute hospitals), localities social care, learning disabilities, mental health, day services, health and social care commissioning, placements and brokerage, to evaluate the possibility of developing the care homes into a provision that meets the changing needs of the borough's older population.
- 6.3** Feedback from these sessions demonstrated the appetite to make changes, developing the homes to deliver different types of care to different and mixed client cohorts, including older adults with a range of needs such as dementia, learning disability and mental health. Staff feedback included ideas on co-location of teams and multidisciplinary and whole system approaches to working.
- 6.4** It has been recognised that the care homes could be utilised as centres of excellence to deliver care in more innovative and flexible ways, including a variety of services ranging from long-term complex care, rehabilitation and respite care and proactive care.
- 6.5** This ties in with Croydon's ambition is to transform the way care is delivered in the community in an innovative way and to provide sustainable, person-centred, home-first model of model of intermediate care for the residents of Croydon that is joined up and promotes independence.
- 6.6** Staff currently working in the care homes have yet to be engaged in consultation, this will need to be discussed with the incumbent provider and arranged accordingly.
- 6.7** This project is listed on the corporate risk register and updates have been presented to the Corporate Management Team (CMT) when appropriate and a briefing has been presented to the Executive Mayor.

Resident engagement

- 6.8** Gathering the views of residents currently living in the care homes as well as their carers and families, regarding how they view the current care delivery will be imperative to understand what's working well and where we can make improvements. Undertaking this consultation will have to be carefully managed alongside the incumbent provider and could be undertaken independently by an organisation like Croydon HealthWatch. Consulting on the future changes to care delivered at the care homes will be an important part of the project and will be sought as part of the design work.

Pre-market engagement

- 6.9** At the initiation of the project in August 2023, the concept of the change programme was soft tested with two Community Interest Company (CIC) providers, to assess if this programme of work is something that providers may be interested in engaging with. Both providers expressed that becoming involved in whole system intermediate care/care delivery change programme could potentially be of interest.
- 6.10** An online 'Prospective Bidder's Presentation' took place on 12th December 2023. This initial engagement session allowed us to present the opportunity to the market and determine the level of interest within the market to collaboratively develop a service, working to the vision outlined in this strategy and shape the procurement approach further. 18 delegates attended the session from 14 organisations.
- 6.11** A follow up face-to-face engagement session with potential interested partners, including those who attended the Bidders Presentation in December, took place on 17th January 2024 with focus on providing more details on the opportunity, including information about the buildings and potential options for future development. Feedback on the day was positive and a number of attendees expressed keen interest in working with the Council to develop the homes. Post-event feedback has been sought from all attendees and will be used to inform further engagement sessions, which are currently being planned and will be jointly delivered with health colleagues.

6.12 RISKS

Risk	Risk Description	Risk Rating	Risk Mitigation/Management
Failed Tender	Lack of bidders/interest may result in a failed tender	High	Learning has been taken from the previous tender exercise and will be used to inform this tender to minimise the risk of a failed tender. Extensive market engagement is planned to ensure that the market is aware and engaged in the process, minimising the risk of lack of bids.
Increase in cost.	Bidders proposing more expensive rates	High	A financial envelope with price cap will be included within the tender documents.
Challenge / Poor performance from incumbent provider.	Incumbent provider could start performing poorly with the view that the contract is ending.	Low	There are ongoing conversations with the incumbent provider to keep them informed. The incumbent provider has also been encouraged to take part in the tender should they be interested. This will minimise the risk of poor performance prior to contract end. The regulated care delivered at the sites is CQC rated 'Good' and

			the occupancy remains high in all homes.
Potential reluctance to bid.	Providers reluctant to bid due to complexity of Health and Social Care Integrated Transformation Agenda.	Low	Ongoing engagement with the provider market; initial engagement session took place in December 2023 with a follow up face to face engagement session in January 2024. Further engagement sessions are being planned.
HR / TUPE.	TUPE implications for the incumbent provider.	Low	TUPE has been accounted for within the procurement timetable.

Please see Part B for continuation of risks.

7. CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1. The Adult Social Care & Health Strategy 2022–2025 outlines our vision for the future of social care, *“enabling people to live in a place they call home, with the people and things that they love, doing the things that matter to them in communities which look out for one another”*.
- 7.2. In Croydon, it is anticipated that 2,920 people aged 65+ will be living in a care home by 2040, with 24,439 people needing support with at least one self-care activity, and 24,715 needing support with at least one domestic activity.
- 7.3. To achieve this vision and to meet the anticipated demand of the future, we have adopted a strategic model which is *“designed to ensure that people can get the right level and type of support at the right time to help prevent, reduce or delay the need for ongoing support and maximise people’s independence”*³. Early intervention and prevention to delay the onset of deteriorating need is essential in order reduce expenditure and to provide services within the council’s available resources.
- 7.4. This report and the recommendations contained within it support the following Council priorities in the Executive Mayor’s Business Plan 2022 - 2026:
- **Sound financial management and sustainability** – *ensuring services are value for money and maximising opportunities for joint investment*
 - **Good customer service and operational delivery** – *delivering services that are outcome focused and informed by the resident’s voice on what they need and would like from services.*
- 7.5. This report and the recommendations contained within it fall within the following essential spend criteria:
- **Expenditure required to deliver the council’s provision of statutory services at a minimum possible level** - these recommendations relate to the provision of care and support within a residential care setting for new and existing clients, continuing at the current cost.
 - **Urgent expenditure required to safeguard vulnerable citizens** – these recommendations contribute to the safeguarding of vulnerable Croydon residents who require regular care and support by contributing to the continuation of this

care and support without disruption, therefore minimising a deterioration in their condition.

- **Expenditure required to deliver future savings** – these recommendations will allow time required to complete activity which will support in the delivery of long term savings against a PFI contract.

8. IMPLICATIONS

8.1. FINANCIAL IMPLICATIONS

- 8.1.1** The Budget for the Procurement Strategy will be based on the current approved budget.
- 8.1.2** Premier Supplier Programme (PSP) will be offered to bidders as part of the procurement.
- 8.1.3** The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Croydon pay their staff at a minimum rate equivalent to the LLW rate. As part of the procurement, successful contractors will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the contract documents.

Contract Extension

- 8.1.4** The position negotiated and agreed with Care UK is one that has remained the same as previous terms and conditions including cost until 31st March 2024. This is in line with the existing contract price and the cost of the previous 6 month extension which was approved to support the mobilisation due to a delayed procurement process. This was to the value of £3,173,000.

Please see Part B for further details.

8.1.5 Revenue and Capital consequences of report recommendation for the new procurement strategy

The budget for this provision sits with Cost Centre C12913- PFI Care Homes – Contracted Services

	Current Year	Medium Term Financial Strategy – 3 year forecast		
	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27
Revenue Budget Available				
Expenditure Income	3,173	6,543	3,271	
Effect of decision from report				

Expenditure Income	3,173	6,543	3,271 (to 30/09/2025 - March 2025 prices)	
Remaining Budget	0	0	0	
Capital Budget available				
Expenditure Income				
Effect of decision from report				
Expenditure Income				
Remaining Budget				

Expenditure for 2024-25 and the first 6 months of 2025-26 includes the current (2023-24) rate for FNC costs. Once the FNC rate for 2024-25 is confirmed this will be included as part of the budgeted costs and likewise for 2025-26. This rate is only applicable to nursing care beds at the three sites which total 30 out of 150.

Comments approved by Head of Finance for Adult Social Care and Health on behalf of the Director of Finance. (Date 04/02/2024)

8.2 LEGAL IMPLICATIONS

- 8.2.1** The Council has the power to enter into contracts with third parties pursuant to its functions as provided for under section 1 of the Local Government (Contracts) Act 1997.
- 8.2.2** The Council also have the power to do anything that individuals generally may do pursuant to section 1 of the Localism Act 2011.
- 8.2.3** The Executive Mayor has the power to exercise executive functions pursuant to s9E of the Local Government Act 2000 and has the power to delegate those functions.
- 8.2.4** At present the delegations in the Council's Tenders and Contracts Regulations have been superseded by the Executive Mayor's Scheme of Delegation following the introduction of the Mayoral Model and the specific delegations in the annual procurement plan approved by the Executive Mayor in Cabinet.
- 8.2.5** The Executive Mayor has delegated the decision to approve this report's recommendations in relation to the re-procurement strategy to the Cabinet Member for Health and Adult Social Care and in relation to the extension to the Corporate Director pursuant to the annual procurement plan.

8.2.6 The Council has a general Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007).

8.2.7 The Council also has a duty to comply with the Public Contracts Regulations 2015 (PCR). It has been advised by Browne Jacobson that this variation can be considered a permitted modification pursuant to Regulation 72 PCR

Comments approved by the Head of Commercial and Property Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 05/02/2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1 The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.3.2 The introduction of a delivery partner is unlikely to cause a negative impact on residents within these homes. The contractor will be expected to deliver the existing provision during the design phase which will present minimal disruption to service delivery.

8.3.3 Extending the existing contract is unlikely to cause a negative impact on the residents within these homes. Any changes that are introduced following the design stage will be planned for, keeping residents informed at all stages. Residents will be invited to feedback through planned events/engagement sessions.

8.3.4 The EIA has identified that those potentially impacted under this contract fall into the following categories: Mitigating measures, identified in the EIA action plan, of potential negative impacts will be addressed as part of the tender process and during the design of the future service.

- Age – residents are over 55.
- Disability – residents have a physical disability and/or dementia.

8.3.5 Any factors that may cause impact during the extension period will also be addressed using the mitigating factors within the action plan. There will be regular engagement with residents and families to keep them updated about the relevant changes and stages of the tender process. An implementation period is written into the procurement timeline, allowing transition from old provider to new provider and to allow the Council to have oversight of the transition.

Comments approved by Naseer Ahmad on behalf of the Equalities Manager. (Date 30/11/2023)

9 OTHER IMPLICATIONS

9.1 HUMAN RESOURCES IMPLICATIONS

9.1.1 This report makes recommendations involving a service provision change which may invoke the effects of TUPE (Transfer of Undertakings (Protection of Employment) 2006 Legislation (amended 2014). The application of TUPE would be determined by the incumbent and any new service provider, for which the Council is the client. On that basis, the role of the Council would usually extend no further than facilitating the process.

9.1.2 Where TUPE applies, the affected staffing group would transfer to the new service provider on their existing terms and conditions of employment.

9.1.3 TUPE arrangements have been built into the procurement timeline. The incumbent providers are also aware of the potential of TUPE and have both agreed to work alongside the Authority to mitigate any associated risks and to ensure that staff and residents remain informed and assured of the process.

9.2 GDPR

9.2.1 The Information Management team have been engaged to support with completion of a DPIA. This is in the process of being completed and will be finalised and signed off following contract award.

9.3 PROCUREMENT IMPLICATIONS

9.3.1 This service falls under the Light Touch Regime of the PCR 2015.

9.3.2 Please refer to the legal implications in respect of compliance with Public Contract Regulations 2015.

Comments approved by Natalie White on behalf of Head of Strategic Procurement and Governance, Commercial Investment, 1/02/2024

10 BACKGROUND DOCUMENTS

- Older People Care and Support Provision Strategy – 6th July 2022
- Equalities Impact Assessment

London Borough of Croydon

Executive (Key and Non-Key) Decision Record.

Executive Mayor, Individual Member / Officer Decision.

REPORT TITLE:-	Older People Residential & Nursing Care Homes– Strategy and Extension (Homes for the Future as Centres for Excellence)
Decision maker authority to take the Decision <i>(If not Executive Mayor)</i>	Councillor Yvette Hopley, Cabinet Member for Health & Adult Social Care (Strategy) Annette McPartland, Corporate Director, Adult Social Care & Health (Extension) Approved delegations to the Cabinet Member and Corporate Director via the Annual Procurement Plan at Cabinet on the 6 th December 2023
REFERENCE NO (Key Decisions / Non Key Decision):-	8823HASC / 2323ASCH
SUMMARY:- [Include all appropriate considerations to the decision]	This report outlines several requests: <ul style="list-style-type: none"> • Approval of the procurement strategy to secure a delivery and design innovation partner who will support Health and Social Care to collaboratively transform integrated community care for older people of Croydon. • Approval to vary the existing contract to ensure the current care and support provision is secured and compliant until 31st March 2024 with the incumbent provider at the existing terms and conditions and pricing. • Approval to vary the existing contract from 01st April 2024 with the incumbent provider having negotiated the pricing for up to an 18 month period with the option to extend for 6 months.
OPTIONS CONSIDERED:- [Including any rejected]	Please refer to section 5 of the report

ANY CONFLICT OF INTEREST DECLARED BY ANY MEMBERS CONSULTED	
ANY DISPENSATION GRANTED TO THE MEMBER CONSULTED BY THE CHIEF EXECUTIVE.	
RECOMMENDATIONS:-	<p>FOR CABINET MEMBER</p> <p>For the reasons set out in the report and its appendices the Cabinet Member for Health and Adult Social Care CCB, is recommended by the CCB, with the approval of the Cabinet Member for Finance:</p> <p>To approve the procurement strategy set out in this report to procure a contract for the care and support provision at the three Care Homes: Addington Heights, Heavers Court and Langley Oaks, for a period of 10 years with an option to extend for up to a further 3 years at a maximum value of £81,900,000.</p> <p>FOR CORPORATE DIRECTOR</p> <p>For the reasons set out in the report and its appendices, the Corporate Director of Adult Social Care & Health is recommended by the CCB with the approval of the Cabinet member for Health and Adult Social Care and the Cabinet member for Finance:</p> <p>To approve that, the existing contractual arrangements with the incumbent provider, Care UK be extended until 31st March 2024 at a value of £3,173,000, resulting in an aggregated value of £85,073,000 to 31st March 2024.</p> <p>To approve a further extension from 01st April 2024 with the incumbent provider for a period of 18 months with an option to further extend for an additional six months on the terms set out in part B.</p> <p>To note both extension periods are required in order to complete the procurement activity set out in the procurement strategy detailed in this report.</p>
BACKGROUND PAPERS	N/A.

Decision maker:

<p>Position: Cabinet Member for Adult Social Care and Health</p> <p>Name: Councillor Yvette Hopley</p> <p>Agreed / Don't agree to report recommendations:</p> <p>Comment:</p>	<p>Signed:</p>  <p>Date: 27/02/2024</p>
<p>Position: Corporate Director, Adult Social Care and Health</p> <p>Name: Annette McPartland</p> <p>Agree to report recommendations:</p> <p>Comment:</p>	<p>Signed:</p>  <p>Date: 29 /02 /24</p>