

**TO: EXECUTIVE**  
**17 OCTOBER 2017**

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**NURSING CARE PROVISION – BLOCK CONTRACT**  
**Director: Adult Social Care Health & Housing**

**1 PURPOSE OF REPORT**

- 1.1 To inform the Executive of the current state of the local nursing care home market and the progress made on sourcing alternative nursing provision at sustainable prices with local nursing home providers.
- 1.2 To explain the urgent need to enter into nursing block contracts and where possible, utilise bed spaces in one or more of the new care homes being built locally.
- 1.3 To ensure that the Executive are informed of the potential benefits and risks associated with entering into block contracts for nursing services.

**2 RECOMMENDATIONS**

**That the Executive:**

- 2.1 Approves the procurement plan for Adult Social Care, Health and Housing to enter into one or more nursing block contracts with local providers;**
- 2.2 For the reasons detailed in the Procurement Plan, delegates the contract award decision to the Executive Member for Adult Services, Health and Housing.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 Since 2013/14; the council has seen an overall reduction of 205 residential and nursing beds. Whilst the demand has not reduced, the supply has, which has led to much higher prices than we should be paying. Recent cost modelling evidences that the situation is getting worse.
- 3.2 Whilst placement costs are becoming unsustainable, they are also becoming increasingly less reflective of a client's needs and more about how much a provider can get paid for a bed. Other Berkshire local authorities also report experiencing the same problems, as care managers vie for the limited beds available, regardless of the true cost of care and value for money.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 To approach current nursing providers in the market and negotiate better rates. A large number of beds are now being sold privately at well above market value, leaving providers less inclined to sell to social services or enter into a block contract at competitive rates. Following several conversations with local providers and other Berkshire Commissioners; this option does not seem realistic without a shift in the current supply/demand climate.

4.2 To adopt a similar approach to West Berkshire Council's Residential & Nursing Care Placement Policy (2012-ongoing), which has helped them to maintain sustainable rates. Among other things, the policy recognises:

- that they do not have enough affordable supply to meet demand within borough;
- that the ability to have services available from a wider geographical market means that they are better able to manage demand within existing resources and provide enhanced choices for their residents;
- local authorities may take their resources into account when considering how to meet needs.

Whilst it would be beneficial to seek to implement something similar to this policy in addition to the block contract option, it cannot immediately fix the problems that we are facing and would be more of a long-term solution.

## 5 SUPPORTING INFORMATION

5.1 Since 2013/14, the following care homes have closed:

Crossways – 10 beds  
Inglemere – 14 beds  
Slate House – 13 beds  
Birdsgrove – 87 beds  
Heathlands – 41 beds  
Ladybank – 40 beds

Each closure accumulatively contributing to the overall reduction in local bed capacity of 205 beds.

5.2 Whilst we still have some historic placements at the usual rates, recent placements are being made at much higher rates. In January 2017 taking into account all active nursing placements, the average weekly rate for a nursing bed was £827.88. However, the average price for new placements, that is those made this financial year, is £937.12 per week.

5.3 The savings from this contract are estimated to be £158,000 per year. This is calculated as follows:

22 beds purchased at £763.75 per week instead of £937.12	£198,335
Less void costs based on assuming 2 beds void at any time	-£33,605
Less void costs in respect of NHS Funded Nursing Care <sup>*1</sup>	-£ 6,875
Net Savings	£157,855

<sup>\*1</sup> The full bed price is £920 per week. This incorporates a Council payment of £763.75 and an NHS contribution to Nursing Care costs of £156.25. The NHS contribution would only be paid against a filled bed, so the Council would incur the full cost in respect of an unfilled bed.

Modelling indicates that as long as voids remain below 9.75 weeks per bed, that savings will be achieved. The modelling also assumes that savings will be made against the current average placement price, however it is likely that some people in current placements would move to the new home, and the Council will target the

most expensive placements first. To the extent that this is successful, the savings will increase.

- 5.4 It is a concern, that once beds that are currently being purchased at competitive rates become vacant, they are then sold to us at a much higher rate.
- 5.5 There are two new nursing homes in the local area who will be seeking business from the private sector and local authorities to fill their beds. A recent site visit and discussions have indicated that nursing beds could be purchased at a competitive rate through block contracts.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 There are no specific legal implications arising. The procurement process proposed conforms with the requirements of the Public Contract Regulations 2015 and the Council's Contract Standing Orders.

### 6.2 Borough Treasurer

The contract is expected to deliver savings of £158,000 per annum. This incorporates prudent assumptions in respect of the cost of voids.

### Equalities Impact Assessment

- 6.3 An EIA Screening Record Form has been completed, and determined that a full EIA was not required.

### Contact for further information

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