

MUNICIPAL YEAR 2015/2016 – REPORT NO. 12

MEETING TITLE AND DATE:

Cabinet - 17th June 2015

Council – 24th June 2015

REPORT OF: Ray James

Director of Health, Housing and
Adult Social Care

Agenda - Part:1

Item: 12

**Subject: Re provision Project –
Construction Contract**

Wards: All KD 4089

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Cabinet Member consulted:
Cllr Cazimoglu

1. EXECUTIVE SUMMARY

- 1.1 The Cabinet and full Council in July 2013 agreed to commission the design and construction of a dual registered care home and then procure the service delivery aspect of the project separately via a contract of an appropriate length as the proposed preferred option.
- 1.2 Following this Atkins Global Ltd were appointed via SCAPE framework to; undertake a feasibility study on the proposed project and site, prepare scheme designs and associated documentation.
- 1.3 In August 2014 appointment of Morgan Sindall was approved by Cabinet to provide Pre-Construction Services they were selected via a competitive procurement exercise undertaken through the iESE framework. They have now completed preconstruction stages including the procurement of subcontractor packages and we are now in position to enter into stage 2 building contract
- 1.4 The new facility will provide 70 bedspaces of care and accommodation for older people initially catering for the resident population transferring from the two care homes Bridge House and Coppice Wood Lodge and following this through time to become a high need residential and nursing care facility.
- 1.5 A Planning Application was submitted to the Planning Committee meeting on 16th December 2014 and planning permission was granted subject to a range of conditions which will be complied with as part of build programme.

2. RECOMMENDATIONS

- 2.1 This report seeks authority to enter into Stage 2 building contract for the construction of the building consistent with the previous Cabinet decision.
- 2.2 To note that detailed recommendations are included in the Part 2 report.
- 2.3 To note that further financial information is contained in Part 2 report.

3. BACKGROUND

- 3.1 The Reprovision Project remit has been to re-organise and improve care provision to older people through the reprovision of two Local Authority run Care Homes (Coppice Wood Lodge and Bridge House) that in the future will not be suitable to be registered by CQC and to re-provide a high quality service within a single new purpose built building.
- 3.2 It is planned that the new facility, which is sited on the former Elizabeth House site, 1 Old Road, EN3, will provide care and accommodation for 70 bedspaces for older people initially catering for the transferring resident population from the two care homes, Bridge House and Coppice Wood. The home will be registered by CQC as a Care Home with Nursing.
- 3.3 It should be noted that unless a viable alternative to Coppice Wood Lodge and Bridge House is developed, e.g. build a new Care Home, we will be unable to re-provide the two facilities and consequently will not adequately meet needs of the client group going forward. There have been clear commitments made to relatives of service users and others to re-provide these services, and also the former Elizabeth House service, into a single new facility. Investment into the two existing homes has been curtailed over recent years in view of this proposal.
- 3.4 Even with substantial investment Bridge House and Coppice Wood Lodge buildings would still not meet the current required space standards, most notably the requirements for bedrooms to be a minimum of 12 square metres, and the provision of ensuite bathrooms, which are now considered mandatory.
- 3.5 In designing and constructing the building the Council is able to ensure the finished product is of good quality and meets the needs of our local population. The care provision will be subject to a separate tender process.
- 3.6 It is understood there are currently a number of Councils who have or are proposing to build new care homes, similar to the proposed Enfield facility including; Camden who have recently completed the construction of a new care home of similar size and linked extra care facilities, Waltham Forest and Hackney who have care home development projects underway.

4 Project Development and Cost

- 4.1 Subsequent to the appointment of Morgan Sindall in August 2014 to provide Pre-Construction Services under the iESE framework agreement, the initial scheme design has been developed in conjunction with Atkins (the Council's appointed multi-disciplinary design team), Morgan Sindall, and E.C.Harris (the Council's appointed project manager and quantity surveyor). This process has been led by an internal project team, reporting on a regular basis to a Project Steering Group, and Executive Board.

- 4.2 As part of a Pre-Application Planning process, a partial redesign of the building was undertaken following consultation and to address Conservation issues raised as part of the consultation process.
- 4.3 As stipulated under the iESE framework agreement, the contractor, Morgan Sindall, obtained competitive quotations for all the elements of work, using an open book process which was scrutinised by E.C.Harris. The iESE framework manager was also engaged in this, with the required Gateway meetings being held at appropriate stages of the project.
- 4.4 It had been recognised during the scheme development that construction costs had taken a significant rise, as evidenced particularly in the Council's school expansion schemes.
- 4.5 Further financial information is contained in Part 2 of this report.
- 4.6 The following factors have contributed to the cost increase:
- The most significant factor is inflation within the building industry. When the original outline estimate was prepared in May 2013, the extent of growth had not been foreseen by those who prepare national indices (the Building Cost Information Service). There has also been a particular increase in the London area due to significant construction activity. Applying current cost indices would represent an increase of 14.6% to the construction cost over the original estimate.
 - Statutory services – requirement to re-route a sewer on site which had not been identified in early searches or surveys, and relocation of a BT cable.
 - Replanning of the building due to planning requirements (primarily an increase in design cost) to account for conservation requirements linked to the adjacent Alms Houses.
 - The inclusion of sprinklers strongly recommended by the Borough's Fire Officer as part of the fire strategy.
 - Upgrading both lifts to evacuation standard (in lieu of one alone).
 - The floor area has increased by 15.4%. Virtually all of this is due to the relocation of plant room within the roof space, and access to that space, including the need to incorporate a tank for the sprinklers.
 - Inclusion of eight garages into the site from the adjacent council housing estate – this has increased the site area, and consequently the cost of the scheme, but has made a considerable improvement to the layout of the car park, drop-off point and resident garden. There has been a transfer of £80,000, from the HRA to the General Fund to account for this re-allocation.

5 Finance Capital

Further financial information is contained in Part 2 report

6 Finance - Operational

Further financial information is contained in Part 2 report

7 Construction Programme

The following summary schedule for construction is envisaged:

Work Begins on Site	July 2015
Building Completed	September 2016
Building occupied and operational	September 2016

8 Environmental

- 8.1 The proposed building will be environmentally sensitive in a number of ways. Current proposals include installation of photo voltaic solar panels and considerate landscaping and planting and achieve a BREEAM “very good” rating.

9 Consultation

- 9.1 Consultation has been on-going and continues. This includes regular briefings with relatives, residents and staff of Coppice Wood Lodge and Bridge House on proposals, also Enfield Old Charitable Trust (owners of the Alms Houses adjacent to the site), partner agencies in health and voluntary sector, and the two neighbouring schools. Feedback from these discussions has been extremely positive towards the new development.

10 Care Service Tender

- 10.1 In terms of scheduling for the tender process for the care service provision contract, we would expect this to be launched directly following the Council signing the construction contract.

11 Need for Services - Brief Summary of Demand over the next 3 – 5 Years

- 11.1 There are potentially three groups of older people who may present with the complex needs described above in terms of the eventual future service user population and therefore maybe at risk of admission to residential/nursing care. Some individuals fall into more than one category:
- Those with dementia (organic mental illness), some of whom may have challenging behaviours.

- Those with significant (and often multiple) physical impairments that prevent them from undertaking activities of daily living because of frailty, disease and/or long-term conditions. It is estimated there are 4,050 older people aged 65+ years with higher levels of such dependencies in Enfield;
- Those with substantial nursing care needs including those with continuing health care needs, plus there is evidence that the health-related characteristics of individuals in nursing care are increasingly overlapping with those in residential care (Lievesley, Crosby & Bowman, 2011).

11.2 There is likely to be an increase in the number of the first two groups over the next 3–5 years (e.g. the number of those with dementia increasing by 10% between 2015 and 2030), driven by an increase in the number of older people and improvements in overall life expectancy, it is expected that this population will increase significantly over the next 20 years.

11.3 There is also clear evidence within the third group that there has been an increase in the number of people with these complex conditions over the last 5 years in Enfield. However, it should be recognised that the Reprovision Project is geared to respond the needs of those with the higher levels and complex need who require a specialist nursing/residential care facility.

11.4 Current experience of the Council in seeking to place service users into nursing care shows increasing service cost. For example, a home used by the Council has recently increased by 25% and also at times there has been a shortage of available accommodation within the borough and neighbouring areas and evidence shows that this shortage is likely to continue due to increasing demand.

12 Summary

12.1 The approach proposed in building a new care home is innovative, advantageous and cost effective to the Council, benefits include: the balance of social care and nursing care provides the potential to match the care delivered to service user need, and as need increases so the level of care can be tailored accordingly; a key purpose of the facility has been to re-provide and improve on the care previously delivered through Bridge House and Coppice Wood Lodge (both to close due to being outdated in terms of provision and standards required); the projection of medium and longer term requirement is for increasing bedspaces due to increases in Dementia incidences amongst an ageing local population.

12.2 Significant shortage of affordable nursing care bed has been experienced over the last two years with vacant bed numbers in nursing homes dropping to as low as one bedspace vacancy available across the borough on several occasions.

12.3 Cost of care will be recouped through lower care costs, due to the Council owning the building.

13. ALTERNATIVE OPTIONS CONSIDERED

13.1 Prior to the Council decision in July 2013 to make funding available for construction of the new care home a number of options were identified:

- The Council to commission the construction of building of the dual registered facility and then procure the service delivery aspect of the project separately
- Provide site ownership to a provider chosen via tender competition for them then to develop and operate a dual registered care home on the site for the benefit of Enfield residents in need.
- Close Current Homes and re-provide with Dementia Bed spaces from the market
- Abandon the Reprovision Project completely and continue as current

13.2 Following discussion Option 1 – i.e. The Council to commission the construction of building of the dual registered facility and then procure the service delivery aspect of the project separately via a contract of an appropriate length is the proposed preferred option this was decision was informed by:

- The Council's capacity to raise funds through using its borrowing facility;
- It has always been envisaged that the building should be future proof to meet changing needs.
- The potential for shifting the balance of type of accommodation as needs change.

14. REASONS FOR RECOMMENDATION

14.1 The recommendation will facilitate the continuation of the programme to construct a new care facility through providing authorisation to provide additional capital required due to increased construction cost.

15. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

15.1 Financial Implications

Further financial information is contained in Part 2 report.

15.2 Legal Implications

15.2.1 The Authority is the Social Services authority for the London Borough of Enfield, within the meaning of the Local Authority Social Services Act 1970

15.2.2 Pursuant to the National Assistance Act Section 21. There is a duty of local authorities to provide accommodation.(1) [Subject to and in accordance with the provisions of this Part of this Act, a local authority may with the approval of the Secretary of State, and to such extent as he may direct shall, make arrangements for providing] 1—

(a) residential accommodation for persons [aged eighteen or over] 2 who by reason of age, [illness, disability] 3 or any other circumstances are in need of care and attention which is not otherwise available to them;

15.2.3 The Authority is empowered to procure the provision of building works and care services pursuant to Section 1 of the Local Government (Contracts) Act 1997, Section 29 of the National Assistance Act 1948, Section 45 of the Health Service and Public Health Act 1968 and the Localism Act 2011.

15.2.4 The Council must comply with the Public Procurement Regulations 2015 in conducting the procurement exercise described in this report. The Council is permitted to use a compliant framework. When calling-off from a framework the Council must ensure that it complies with the terms of the framework.

15.2.5 The Council must comply with its obligations with regards to obtaining best value under the Local Government (Best Value Principles) Act 1999.

15.2.6 As the value of the proposed contract is £250k the Council must comply with Key Decision procedure.

15.2.7 All legal agreements arising from the matters described in this report must be approved by the Assistant Director of Legal Services.

15.3 Property Implications

15.3.1 The rationale for the Reprovision Project is referred to in the background section of this report, and has been set out in previous reports. This report specifically seeks authority to accept the supplier's offer for pre-construction and construction stages, following a due competitive process.

15.3.2 The new building would be an additional property asset added to the Council's portfolio, while Coppice Wood Lodge and Bridge House Care Homes will potentially become surplus to requirements, unless alternative uses are identified

15.4 Maintenance and Construction Services Implications

- 15.4.1 Maintenance and Construction services are providing services to HHASC in terms of the construction of the building and their views are contained in the main body of this report.

16 KEY RISKS

Key Risks and countermeasures	
Relevant risks for each objective and the potential impact	Existing processes / mitigations that are in place to manage the risk
The building fails to meet changes to regulations.	Future proofing to be built into.
Building costs could come in over budget.	Feasibility study has been undertaken, cost plan has been developed, fixed price contract
Local community dissatisfaction with construction of care home	Council has undertaken consultation with local community and services as part planning no concerns were identified. Building contractor is member of Considerate Contractor scheme plus will be available to positively respond to local concern.
Provider (Works) contractor unable to fulfil their commitment due financial difficulties.	The selected building contractor's financial viability has positively evaluated as component of it selection onto the iESE framework. We will also require the contractor provider to take out a bond for the construction period.
Failure to build to a suitable standard may result in some residents staying longer in existing care home services that are below the CQC minimum standards in terms of physical environment.	A design brief has been created that outlines high level standards for the care home service and common living standards. The facility will be regulated by Care Quality Commission and its National minimum standards contained within legislation.

17 IMPACT ON COUNCIL PRIORITIES

17.1 Fairness for All

- 17.1.1 The procurement processes have been conducted in accordance with both the Council's Contract Procedure Rules and EU procurement rules. Therefore the procurement processes are transparent and fair and have encouraged healthy competition.

17.2 Growth and Sustainability

- 17.2.1 The new Reprovision Project facility will offer potential work opportunities in an area of employment need in the Borough. It will contribute to the regeneration of the physical environment by the development of an attractive, quality building on a currently empty site. The facility and its operations will be developed in line with best environmental practice. The building will be required to meet BREEAM (Building Research Energy Assessment Method) "Very Good" rating, and generate 40% of its energy via renewable sources.
- 17.2.2 Public sector procurement in the UK is governed by the Public Contracts Regulations 2006 (as amended). These permit the inclusion of social considerations where they are relevant and proportionate to the subject matter of the contract (see below) and they do not disadvantage non-local bidders. Officers involved in procurement have utilised the LBE Community Benefit toolkit to incorporate social and community benefit considerations into the process, as far as this dovetails with iESE's own similar provisions, as referred to previously.
- 17.2.3 The iESE framework includes a specific scheme for supply chains, called "SAVE" (Strategic Alliance for Value and Efficiency). This is an integral part of the iESE major works construction framework providing an integrated supply chain offering. This scheme covers the eighteen most common packages of works procured by the eight iESE framework contractors. Fifty six key suppliers have agreed additional discounts for iESE projects. Suppliers not in this scheme are also able to bid in competition (the discount of those in the SAVE scheme is not factored into the evaluation of their bids), so there is the potential for the local supply chain to compete and win business with the selected main contractor.
- 17.2.4 Once in contract, the performance of the contractor will be monitored against sustainability / employment criteria, and sub-contracting to local SME's will be encouraged.

17.3 Strong Communities

- 17.3.1 The iESE framework which is being utilised in terms of the delivery of the construction contract includes well developed mechanisms for engaging apprentices during the construction contract. The Council's Community Benefit Toolkit will be applied to further strengthen benefits from local labour and supply chains.
- 17.3.2 The new service will contribute to the community by providing a quality service to vulnerable older people in the borough, and support maintenance of family relationships, provide employment opportunity to borough residents and potentially be of benefit to other local businesses.

- 17.3.3 Carer, Resident and Local Community Advocacy Group representatives will be pivotal to working in partnership with the Authority to ensure that the service meets the diverse needs of the Enfield community.
- 17.3.4 As part of the procurement process, there will be emphasis on the need for the selected care service provider to demonstrate commitment to developing strong working relationships with local advocacy and community groups and access resources within the Enfield Community.
- 17.3.5 This will also provide a care home facility in an area where they are scarce, so giving access to those who may live in this area to remain in their community and close to family and local connections and improving the equality of access to services in the local area.

18. EQUALITIES IMPACT IMPLICATIONS

- 18.1 An Equalities Impact Assessment has been undertaken to inform and support the procurement of the service, the findings and recommendations from this are regularly reviewed and the document is updated as appropriate.

19. PERFORMANCE MANAGEMENT IMPLICATIONS

- 19.1 The iESE framework has defined processes and gateways, and utilises KPI's and benchmarking, which are overseen by the iESE Framework Manager to ensure that contractor performance meets or exceeds contract requirements.

20. HEALTH AND SAFETY IMPLICATIONS

Not applicable.

21. HR IMPLICATIONS

Not applicable.

22. PUBLIC HEALTH IMPLICATIONS

- 22.1 The development of the Reprovision Project on the former Elizabeth House site will create a major new nursing and social care residential facility which will provide enhanced benefit to the target service user group within Enfield and the wider population, specifically to the East of the borough which is presently under resourced in terms of older people's care and support facilities.

Background Papers

None.