

MUNICIPAL YEAR 2015/2016 REPORT NO. 29

MEETING TITLE AND DATE:

Cabinet: 22nd July 2015

REPORT OF: Director of Health,
Housing and Adult Social Care

Agenda – Part: 1

Item: 11

Subject: Future Nursing and Residential
Dementia Care Provision at Honeysuckle
House

Wards: All

Key Decision No: 4159

Cabinet Member Consulted:

Cllr. A. Cazimoglu

Contact officer and telephone number: Andrew Thomson. 020 8379 5622

Email: andrew.thomson@enfield.gov.uk

1. EXECUTIVE SUMMARY

1.1 At the Cabinet meeting of 19th June 2013 Members received reports on the procurement process to secure Nursing Care provision at Honeysuckle House. Members noted and approved recommendations to:

- note the closure of the procurement process for care provision at Honeysuckle House and consider the contractual options set out in the accompanying Part 2 Report;
- agree that Officers enter into direct negotiation with Care UK, the incumbent provider, to agree terms for a contractual agreement while longer term options were evaluated;
- delegate the decision to award the care management agreement to the Cabinet Member for Health and Social Care in consultation with the Cabinet Member for Finance and Efficiency.

1.2 Consistent with the Cabinet's decision, a Portfolio decision in December 2013 under KD 3685 gave approval for the Council to enter into a revised contractual arrangement with the incumbent provider. Additional information is available in Part 2 of this Report.

1.3 Following long and complex negotiations the Council has now reached agreement with Care UK for continued provision of nursing and residential dementia care services.

1.4 The outcome of these negotiations is detailed in the accompanying Part 2 Report.

2. RECOMMENDATIONS

- 2.1 That Cabinet approval is given to issue a three year interim contract to Care UK, subject to satisfactory performance being maintained. This interim contract should be for a two (2) year initial term with an option to extend for one (1) further year.
- 2.2 The interim contract will be consistent with the outcome of recent negotiations that are detailed in the accompanying Part 2 Report.
- 2.3 That definitive long-term recommendations for future care provision at Honeysuckle House are brought before Cabinet for approval for its meeting in October 2015; as also stated in the accompanying Part 2 Report.

3. BACKGROUND

- 3.1 Honeysuckle House consists of 30 beds for people with dementia in need or nursing care. This service was traditionally provided under a block contract between the Council and a private company, Care UK. The Council owns the freehold of the premises along with responsibility for all repairs, maintenance and decoration.
- 3.2 Care UK is a well-established care organisation and an employer of local residents. Their presence in Enfield also includes nursing care at Elizabeth Lodge in Winchmore Hill, at which the Council places service users under individual agreements, and a mental health treatment centre at Avesbury Lodge in Edmonton.
- 3.3 At the Cabinet meeting of 19th June 2013 Members were presented with reports giving details of a joint procurement programme for care services at Honeysuckle House alongside those at Parkview House in accordance with the Council's Contract Procedure Rules. The invitation to tender sought to achieve commissioning objectives to develop dementia care services, include respite provision and to seek proposals from providers for improving the building environment.
- 3.4 As detailed in those reports, all shortlisted providers for the tenders withdrew their interest without submitting bids. Members noted the reasons for the market's withdrawal from the tender process and approved recommendations to enable Officers to be authorised to enter into direct negotiation with Care UK to agree terms for a contract. This ensured stability for service users, their carers and families while longer term options were evaluated.
- 3.5 As observed through provider feedback from the recent procurement, these recommendations support the establishment of best value by providing the Council with the necessary time and opportunity to:

- meaningfully engage with care home providers ahead of any future competitive procurement and understand their perspectives on contemporary market direction and emerging demand;
 - review its wider commissioning and procurement approach for nursing elderly dementia care services and the future status of related property assets.
- 3.6 In tandem with the findings from legal judgements concerning care home fees paid by other local authorities, these recommendations facilitate development of robust, long term commissioning and procurement plans for supporting people with complex needs.
- 3.7 Under key decision 3685, dated 3rd December 2013, the Council had negotiated with Care UK to secure future provision at Honeysuckle House for a further three (3) year period. However these negotiations could not be ultimately transferred to a new contract.
- 3.8 The Council undertook an options appraisal in 2014 (see Section 4 below) and assessed the potential to secure alternative provision. These options, including an attempt to directly negotiate a transfer to another known provider, did not deliver a viable cost-effective solution. This was fundamentally due to factors unique to the Honeysuckle House site itself which has been considered impractical by the market place for the long-term provision for services of this nature.
- 3.9 A new negotiated settlement with Care UK was therefore pursued. Details of these negotiations are included within the accompanying Part 2 Report.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 A risk and contingency workshop was held in March 2014, comprising of senior HHASC managers and Legal Services. This explored a range of options consistent with the long-term options as part of the original Cabinet decision in June 2013. These included:
- Negotiated settlement with Care UK;
 - Re-tender / framework;
 - Joint block contracting with Enfield NHS Clinical Commissioning Group or another Local Authority;
 - Winding up the home;
 - Selling as a going concern on the open market;
 - Direct negotiation with an alternate provider;
 - Establishing a special purpose vehicle such as a trading company, to which provision of care services would be transferred.

5. REASONS FOR RECOMMENDATIONS

- 5.1 National demand for residential nursing dementia care is projected to increase by 20.4% in the next decade. Enfield's care homes market is highly competitive with private funders, neighbouring authorities and health services all seeking placements at increasing rates, reducing Enfield Council's ability to access supply and affecting its negotiating position. Accordingly the nursing dementia services provided at Honeysuckle House are in short supply and securing continuity of this provision for Enfield Council is fundamental in the short-term until the future strategy for Honeysuckle House can be addressed.
- 5.2 Honeysuckle House was built in the 1990's and, although it remains fit for purpose at this time, it does require a longer-term plan. The provider market, including recent direct negotiations with Care UK and Sanctuary Care, have made transparent the issue of viability going forward. Two particular issues have been highlighted: the need for a complete refurbishment of the existing building; and the effective value for money considerations in running it as a 30 bed nursing home which do not provide sufficient bed capacity to make it attractive to the market place. The definitive longer-term recommendations will include options for re-providing this home at a new site and the consequential sale or closure of Honeysuckle House.
- 5.3 The recommendations included herein and in the accompanying Part 2 Report represent the most financially sustainable means of securing much-needed supply at rates that are below the market average for residential nursing dementia care services.

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

6.1 Financial Implications

- 6.1.1 Any additional costs for the Honeysuckle House contract with Care UK will need to be managed within existing HHASC resources.

6.2 Legal Implications

- 6.2.1 The Council is the Social Services Authority for the London Borough of Enfield within the meaning of the Local Authority Social Services Act 1970, and has the responsibility as defined under the National Health Service and Community Care Act 1990 to provide community care services.
- 6.2.2 The Council is empowered to procure the provision of the care services at Honeysuckle House pursuant to the general power of competence in Section 1 of the Localism Act 2011, Section 1 of the Local Government (Contracts) Act 1997, and under the Care Act 2014, by promoting an individual's well-being (S.1), assessing adults who appear to be in need of care and support and

identifying their needs (S.9) and meeting needs assessed as being eligible needs (S.13, S.18 and S20).

- 6.2.3 The contract documentation must be in a form approved by the Assistant Director of Legal and Governance.

6.3 Property Implications

- 6.3.1 The Council owns the freehold interest at Honeysuckle House. Currently the Council is responsible for the majority of all costs relating to the occupation of this building including all repair, maintenance and replacement costs. These recommendations include a proportionate transfer of many of these responsibilities to Care UK to ensure the Council achieves immediate cost benefit savings to support its efficiency commitments. This will yield an estimated £9,508 reduction on the maintenance costs for 2015/16 against the 2014/15 charges.
- 6.3.2 The division of responsibilities between the Council and Care UK will require formalisation in a leasehold agreement or similar as advised by Legal Services.
- 6.3.3 Any recommendations regarding the future of the site should be presented as appropriate under the Council's Constitution.
- 6.3.4 A condition report (including photographic schedule) should be appended to the lease.
- 6.3.5 The lease agreement must conform to the Property Procedure Rules and Scheme of Delegation before being entered into.
- 6.3.6 The lease will be outside the security of tenure provisions of Landlord & Tenant Act 1954.
- 6.3.7 The proportionate transfer of responsibilities could be agreed beforehand with Care UK in the form of a heads of terms so that each party understands their liabilities moving forward.

7. KEY RISKS

- 7.1 Recent legal judgements continue to confirm that Local Authorities adequately consider the cost of providing care when establishing their rates. The reputational position of the Council may be compromised if the Council is too resistant to price increases during negotiations. The Council's negotiating position was consistent with guidance subsequent to legal judgements. Ernst and Young have worked in partnership with Council Officers to ensure that this risk is mitigated for since the proposed new contract supports fixed rate inflationary increases being paid to Care UK. However, this financial strategy will ensure the Council is still able to keep its rates below the market average

for residential nursing elderly dementia provision during the three (3) year contracting period.

- 7.2 Levels of concern among carers, families and staff groups may rise should a clear positive direction not be presented at the earliest opportunity. A negotiated settlement and commitment to definitive long-term recommendations for the home, along with Care UK's intent to remain at Honeysuckle House, addresses concerns regarding the direction of the scheme.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

- 8.1.1 Approval of these recommendations ensures continued provision of high quality, affordable and accessible care services to all sections of Enfield's community.

8.2 Growth and Sustainability

- 8.2.1 Approval of these recommendations gives Enfield's citizens continued access to much needed provision for some of the Borough's most vulnerable people.

8.3 Strong Communities

- 8.3.1 Approval of these recommendations will ensure that the Council has the needs of local people at the heart of its actions, that it is open and accountable and that it works in partnership with others to ensure Enfield is a safe and healthy place to live.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 An equalities impact assessment has not been carried out. It is not considered relevant or proportionate to carry out an equality impact assessment of the proposal for an interim contract with Care UK at Honeysuckle House, while longer-term options are evaluated, as this arrangement will avoid service users suffering any negative impact.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 The contract will contain a performance management framework with measures to ensure quality provision and service user satisfaction.

11. PUBLIC HEALTH IMPLICATIONS

- 11.1 Provision of nursing care homes is a core part of maintaining the health and well-being of Enfield residents with dementia and complex needs. It is useful that the Council is taking these measures to ensure appropriate and effective future provision.

12. Background Papers

- 12.1 None.