

Finance and Resources Committee

10.00am, Tuesday, 23 January 2018

Castlegreen Care Home and North Merchiston Care Home - Contract Extension with Four Seasons Health Care

Item number	7.14
Report number	
Executive/routine	
Wards	
Council Commitments:	None

Executive Summary

This report sets out the basis for recommending the extension of existing contracts with Four Seasons Health Care (FSHC) for the management and delivery of residential, nursing and specialist dementia care services to older people at the Council-owned Castlegreen and North Merchiston care homes.

The recommended contract extension is for a period of one year, based on the headline cost increase and annual uplift formula outlined in this report, together with the grant of one-year extensions to current property leases held by FSHC in respect of both care homes.

Castlegreen Care Home and North Merchiston Care Home - Contract Extension with Four Seasons Health Care

1. Recommendations

It is recommended that Finance and Resources Committee agrees:

- 1.1 to waive Contract Standing Order 9.1 and extend contracts with Four Seasons Health Care (FSHC) for the management and delivery of residential care services at the Council-owned Castlegreen and North Merchiston care homes for the period 1 April 2018 to 31 March 2019 total value of £4,490,657.
- 1.2 that a further extension to March 2020, based on the fee uplift formula set out in this report, should be delegated to the Interim Chief Officer of the Edinburgh Health and Social Care Partnership.
- 1.3 to the grant of property lease extensions in respect of Castlegreen and North Merchiston care homes for the period 1 April 2018 to 31 March 2019 with the possibility of a further extension to March 2020.

2. Background

- 2.1 The contract for the management and delivery of residential care services with FSHC for Castlegreen and North Merchiston began on 1 April 2008 and is due to end on 31 March 2018.
- 2.2 The average Care Inspectorate grades for Castlegreen and North Merchiston care homes for the quality of care and support over the last ten years has been grade 4 (good). Target occupancy levels have been achieved in both care homes since 2008.

3. Main report

- 3.1 The current contract arrangements with FSHC have been successful in providing good quality residential, nursing and specialist dementia care services for 60 older people at North Merchiston Care Home and 60 older people at Castlegreen Care Home.
- 3.2 The proposed extension for a further year to 31 March 2019 is intended to provide continuity of care for residents and allow time for the completion and approval of the Edinburgh Integration Joint Board's Outline Strategic Commissioning Plan for Older People's Services during the first quarter of 2018.
- 3.3 Finalisation of capacity requirements at Castlegreen and North Merchiston will allow the Council to proceed with the procurement of a new contract for delivery of services at both homes, initially for the period April 2019 to March 2026, during the period April to December 2018. To ensure sufficient time is built in for co-production and implementation additional time may be required therefore flexibility to allow further extension if necessary is included in the recommendation.
- 3.4 Negotiation with FSHC has led to agreement being reached on:
 - use of the Consumer Price Index (CPI) as at December 2017 (rather than the generally higher Retail Price Index) to calculate the level of fee uplift for 2018/19; at October 2017, CPI stood at 2.7%, making the likely level of increase at December 2017 consistent with the most recent 2.8% increase in the National Care Home Contract (NCHC) fee rate; and
 - FSHC agreeing to continue to adhere to a similar service specification as set out in the NCHC and with any new quality standards applied by the Care Inspectorate.

4. Measures of success

- 4.1 The continued delivery of high quality residential care services for older people from Edinburgh at Castlegreen and North Merchiston care homes for the period 1 April 2018 to 31 March 2019.

5. Financial impact

- 5.1 The headline cost of the contract, assuming the CPI uplift remains at 2.7% as at the December 2017 calculation date will rise by £118,060 to £4,490,657 for the period of the contract extension. Provision for this increase has been made in the 2018/19 Edinburgh Health and Social Partnership budget.

6. Risk, policy, compliance and governance impact

- 6.1 Report recommendations have been the subject of a Direction from the Integration Joint Board to the Council and therefore Finance and Resources Committee has the authority to approve the contract extension for a further year to 31 March 2019.
- 6.2 The contract extension is designed to avoid the risk of disruption to the continuity of care for residents at Castlegreen and North Merchiston care homes.
- 6.3 The risk of procurement challenge is low, given that the extension is to allow time for the completion and approval of the Edinburgh Integration Joint Board's Outline Strategic Commissioning Plan for Older People's Services, after which the services will be procured.
- 6.4 Contract Standing order 9.1 provides an option to waive standing orders where the requirement is in the Council best interest having regard for best value, risk, principles of procurement and the impact upon service users. The publication of the award of business along with the other factors reported will satisfy these requirements.
- 6.5 FSHC, which runs both care homes, has been the subject of speculation around its financial viability. The Edinburgh Health and Social Care Partnership has been advised by COSLA that FSHC has assured them that they will continue with their current provision. COSLA has made a commitment to monitor this situation via a Contingency Planning Group to be convened in early 2018.

7. Equalities impact

- 7.1 This report has been assessed as having a positive equalities impact on the basis that it provides for the continuity of care of residents at both care homes and allows time for the further development and discussion of the Strategic Commissioning Plan for Older People's Services.

8. Sustainability impact

- 8.1 There are no sustainability impacts arising directly from this report.

9. Consultation and engagement

- 9.1 The recommendation to extend the contract follows consultation with the Council's procurement, legal and finance teams and negotiations with FSHC.

10. Background reading/external references

- 10.1 Care Home Facilities for Older People – Appointment of a Provider, Council Executive, 14 August 2007
- 10.2 Castlegreen Care Home and North Merchiston Care Home – Contract Extension with Four Seasons Healthcare, 27 November 2014.

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11. Appendices

None.