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# Provision of Care for the Elderly at Two West Berkshire Care Homes Including Dementia and Nursing

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<b>Committee considering report:</b>	Executive
<b>Date of Committee:</b>	7 November 2024
<b>Portfolio Member:</b>	Councillor Patrick Clark
<b>Report Author:</b>	Rebecca Page
<b>Forward Plan Ref:</b>	EX4529

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## 1 Purpose of the Report

A full tender process has now been completed, following an agreed Procurement Strategy and a resolution from Executive that the Council should exit the operation of its own care homes, while ensuring they remain open to meet the needs of current and future residents. The tender was issued in line with the West Berkshire Council (WBC) Contract Rules of Procedure and Public Contract Regulations 2015 and covered procurement of a provider to run and maintain the Willows Edge and Birchwood care homes. The purpose of this report is to inform Executive of the outcome of the tender process and seek delegated authority to award the contract.

## 2 Recommendations

2.1 It is recommended that Executive resolves to:

(a) delegate authority to the Executive Director (Adult Social Care) in consultation with the s.151 officer and portfolio holder to award the contract in relation to the services to be provided at Willows Edge and Birchwood care homes to the successful bidder;

(b) delegate authority to the Service Lead Legal & Democratic Services in consultation with the Executive Director (Adult Social Care) to:

- finalise the terms of the agreement as set out in the tender documents and to make any necessary drafting or other amendments (such amendments shall not be substantial or material) to the terms of the agreement necessary to produce a final agreement for execution and to enter into that agreement; and
- finalise and enter into appropriate leases and/or subleases, and appropriate documentation to record A2 Dominion's consent to the grant of a sublease, required for the contractor's occupancy of each property managed by the contractor under the contract for services.

### 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	Please refer to Part II.
<b>Human Resource:</b>	This is a TUPE situation, which will involve consultations with both the union and all employees within both care homes.
<b>Legal:</b>	<p>The contract award has followed a compliant procurement process. The contract terms issued with the procurement documentation will require finalisation and execution prior to service commencement.</p> <p>As set out below in the Property Section it will be necessary to grant the contractor a lease of Willows Edge and a sublease of Birchwood each to be coterminous with the contract for services. Prior to the grant of the Birchwood sublease, further documentation will be required between the Council and A2 Dominion to record A2 Dominion's consent to the grant of the sublease in accordance with the terms of the lease under which the Council occupies and holds the Birchwood premises.</p>
<b>Risk Management:</b>	CQC will regulate these services and Care Quality Team will also monitor the provision.
<b>Property:</b>	<p>Willows Edge is currently owned by the Council and the successful bidder will be required to enter into a lease with the Council. Birchwood care home is leased from A2 Dominion. The Council has received written confirmation from A2 Dominion regarding the permission to grant a sublease to the successful bidder, and the Council will be required to enter into appropriate documentation with A2 Dominion to record that permission before a sublease can be granted to the contractor. The lease does not need to be extended if the contract commencement is 1<sup>st</sup> April 2025.</p>
<b>Policy:</b>	The proposal does not include any significant deviations from the policy.

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	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		Contract provides care and support within the service as well as helping service users engage in the local community. A similar service is being provided however currently this is via in-house provision.
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		Yes. The original EqIA 2 completed at project initiation is attached.
<b>Environmental Impact:</b>	x			Please refer to Part II.
<b>Health Impact:</b>	x			The successful bidder is an experienced provider. Please refer to Part II.
<b>ICT Impact:</b>		x		N/A
<b>Digital Services Impact:</b>		x		The provider will manage ICT and digital.
<b>Council Strategy Priorities:</b>	x			The successful bid supports the council strategies by maintaining much-needed ASC services in the area at a lower cost than at present.
<b>Core Business:</b>	x			As above, this supports the Council's Priorities by delivering effective services at lower cost.

<b>Data Impact:</b>		x		Please refer to Part II.
<b>Consultation and Engagement:</b>	ASC, Legal, Finance, Commissioning and Procurement, Property, budget consultation, consultation/engagement with residents, family and staff.			

## 4 Executive Summary

- 4.1 The current provision for Willows Edge and Birchwood Care Homes is being delivered as an in-house provision. These homes are currently operating well above budget due to high agency staff levels and costs, and we have assessed that a well experienced, external provider can operate at a market cost, which will result in a saving for the Council.
- 4.2 Following a market engagement session with external providers, a full open tender process has now concluded and a well-established care provider has been successful in meeting all of the requirements set out within the published ITT.
- 4.3 Following consideration of all of the options and their relative benefits and risks, and in line with the WBC Contract Rules of Procedure approvals requirements for the procurement of a contract of this value this report seeks delegated authority as set out in section 2.

## 5 Supporting Information

### Introduction

- 5.1 The Council currently operates three care homes as part of the in-house provision however, these services are currently operating well above budget. It is a statutory responsibility of the Council's Adult Social Care department to ensure that there is significant market capacity to provide services within a residential care setting.
- 5.2 It was agreed that a procurement exercise would be completed in order to attract a third party provider to take over the running of these care homes, this exercise has now concluded and we propose to award the contract to the successful bidder.
- 5.3 Willows Edge and Birchwood are in scope for this procurement exercise; due to greater complexity of the lease arrangements, the Council was not able to include Notrees in the tender and therefore it will be subject to a separate procurement exercise at a later date.

### Background

#### 5.4

- (a) Willows Edge and Birchwood have a combined maximum occupancy of 97 beds, these are a mixture of residential, nursing and dementia residents. The purpose of the tender exercise is to maintain the capacity within the homes in a more cost effective way by transferring the services to a third party provider.

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- (b) Following the closure of Walnut Close in 2021 and Holly Grange in 2023, bed capacity in West Berkshire has declined by circa 7%, while demand is growing. As of October 2024, there were 47 admittable care home vacancies in West Berkshire (7% of total beds). Occupancy in neighbouring authorities where we regularly place residents is at similar levels. Capacity in the market is constrained and lead times on new homes seem to be in the 5-7 year range at present. Only one home is currently being built in West Berkshire and this is likely to be unaffordable for Council placements as we expect it to be targeted at the self-funder market and beds to be priced in the £1600-£2000/week. Even if planning is granted on the four schemes currently submitted, they are unlikely to be open before 2029 at the earliest.

## Proposals

- (a) It is proposed to enter into a contract with the successful bidder for a period of five plus two years from the date of 1<sup>st</sup> April 2025. The successful bidder run homes across the country offering a mix of residential, nursing and dementia beds. Within the tender documents, the successful bidder has shown that they have experience in key areas, such as: taking over homes from Local Authorities, TUPE process, transferring LGPS, working with external providers to deliver cleaning and catering requirements. The successful bidder has also demonstrated their technical capability by having the relevant accreditations and practices in place.
- (b) Tenderers were required to provide evidence of previous experience in delivering these types of services before as well as experience of taking on homes that have been transferred to them, including an understanding of TUPE and LGPS implications.
- (c) Relevant scoring of the submitted documentation and due diligence checks have been completed.
- (d) The tender was split into two lots, one for each home (Lot 1 - Willows Edge, Lot 2 – Birchwood). 32 providers expressed an interest in the tender documents. The bid was scored using the following criteria:
- 50% technical or quality.
  - 40% price.
  - 10% social value.
- (e) Tenderers were required to submit a price for each type of bed. A ceiling price was published as part of the tender documents and providers were required to submit a price on or below these rates. The new service model will be a split of block beds and spot beds.
- (f) The successful bidder submitted prices within the required bracket and scored well on the technical element.

## 6 Other options considered

- Do nothing – this would mean the council would continue to overspend and not achieve best value for money.
- Tender as a single lot – this risks limiting the range of potential bidders.
- Procure a fixed price annual service contract – this is unlikely to be attractive to market providers as revenue upside is limited.
- Procure an operator/operators to take over operations, including a commercial rent on the properties – although this would generate additional revenue, lease negotiations will add complexity and potentially limit suppliers.
- Procure an operator/operators to take over operations, with lease agreements with a peppercorn rent.

## 7 Conclusion

This paper is to inform Executive of the outcome of the tender process and to seek delegated authority to award the contract. It is recommended that Executive agree to:

(a) delegate authority to the Executive Director (Adult Social Care) in consultation with the s.151 officer and portfolio holder to award the contract in relation to the services to be provided at Willows Edge and Birchwood care homes to the successful bidder;

(b) delegate authority to the Service Lead Legal & Democratic Services in consultation with the Executive Director (Adult Social Care) to:

- finalise the terms of the agreement as set out in the tender documents and to make any necessary drafting or other amendments (such amendments shall not be substantial or material) to the terms of the agreement necessary to produce a final agreement for execution and to enter into that agreement; and
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## 8 Appendices

N/A

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### Subject to Call-In:

Yes:  No:

The item is due to be referred to Council for final approval

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- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

### Officer details:

Name: Rebecca Page  
Job Title: Contracts and Commissioning Officer  
Tel No: +441635519166  
E-mail: rebecca.page1@westberks.gov.uk

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