

Scotland Excel

To: Chief Executive Officer Management Group Meeting

On: 28th August 2019

**Report
by**

Director of Scotland Excel

Care Homes Procurement Options

1. Purpose

This paper sets out alternative arrangements if there is a failure to finalise the Care Home Cost Model and Scottish Care then advocates a shift from national to local arrangements for agreeing procurement of care home services across Scotland.

2. Context

Scotland Excel has been involved in the delivery of a national contract for the care home sector since 2009. Initially this involved providing technical information and advice to COSLA, and now Scotland Excel lead the operational management of the contract. This includes implementing national sourcing strategy recommendations, providing market intelligence reports and continued development of the Care Home Cost Model (CHCM), which underpins the national rate negotiation.

Finalisation of the cost model is dependent on reaching agreement on commercial return levels. For this, a deadline of 2nd September 2019 has been set to meet commitments made to both the Chief Executive Officers Management Group (CEOMG) and the Executive Sub Committee. This will also allow projection and budgeting of the national rate over the next 3 years in line with the potential 3-year funding settlement from Scottish Government to 2023.

3. Alternatives to the current approach

Repeated surveys have confirmed that the sector and partnerships prefer the current national approach, using a shared terms and conditions contract and a national rate averaged across all care homes, avoiding post code variations of

care home costs across Scotland. However, if the CHCM cannot be finalised by September 2019, the sector has previously intimated that local arrangements may be required. This will in effect end the national approach and undermine the pursuit of a national rate.

In this circumstance the following procurement approaches are open to Councils in line with their own Financial Regulations and Standing Orders relating to award of contracts –

- 1 Direct Award with advertising and mandatory exclusion checks – following the Scottish Government Procurement of Care and Support Services Guidance (March 2016);
- 2 Establishing a framework through competitive tender using one of the regulated procedures
- 3 Dynamic Purchasing System.

Given the current national model, for each of these options Councils would need to allocate resources not currently committed to securing a contracted position. Additionally, Councils would need to undertake mandatory exclusion checks per provider, complete insurance checks and establish financial and technical competence for each care home providing these services. This activity would be required in each of the 32 Councils, even for providers who deliver services across several council boundaries.

4. Implementing the procurement approach

Alternatives to the existing national approach to procuring care home services requires Councils to determine whether they wish to -

- 1 Undertake procurement activity as an individual Council;
- 2 Collaborate with other Councils;
- 3 Mandate Scotland Excel to undertake the procurement of care home services.

If the Cost Model cannot be agreed by 30 September 2019, Councils will need to discuss which approach they wish to adopt and develop a timeline to review the contract, advertise and undertake mandatory, insurance, technical and financial checks in advance of contract award from 1st April 2020. Option 3 above is closest to the current national arrangement – depending of course on how many Councils wish Scotland Excel to undertake this activity on their behalf.

5. Conclusion and recommendation

Since 2009 Councils have relied on support from COSLA and Scotland Excel to agree terms and conditions, variations to contract and negotiation of a national rate underpinned by the CHCM. The shift to local arrangements would place additional burdens on Councils at a time when financial settlements still require service transformation to effect efficiencies.

It is also likely that the current national shared terms and conditions would alter in line with individual council standard contracts, impacting on cross border placements which currently do not require individual contract award.

The national rate underpinned by the CHCM, which has been important in evidencing a sustainable care home rate and acting as a benchmark to partly contain self-funding rates, may lead to a range of rates across Councils. This would have implications for providers delivering care home services across several Councils, and in effect would mean the end of the National Care Home Contract and Rate.

In these circumstances, it is recommended that if the sector moves to propose a shift to local arrangements, Scotland Excel surveys member Councils on their preferred procurement option and implementation approach.

CEOMG are requested to discuss and advise on their view.