

Report to Health & Adult Social Care Scrutiny Committee

15 June 2022

Shaw Healthcare Contract

Report by Assistant Director Commissioning

Electoral division(s): All

Summary

The Council is 17 years into a 30 year contract with Shaw Healthcare Ltd. to provide 590 beds for residential and nursing care across the county. There have been challenges with occupancy within the services largely related to the impact of the pandemic and the Council is working with Shaw Healthcare Ltd on plans to improve this in the short term. In the longer term the Council will work with Shaw Healthcare Ltd around the changing demand position to ensure that the contract provides the right type of beds in the right area to meet the future need of the residents of West Sussex.

Focus for Scrutiny

- 1)** The Committee is asked to consider the performance against the Shaw Healthcare Ltd contract and the plans for ensuring the contract provides the services required to meet demand in the future.
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Proposal

1 Background and context

- 1.1** Prior to 2005 the County Council took the decision to no longer operate a number of care homes for older people. This decision led to an opportunity for interested parties to express an interest in providing the services. Consequently, the Council entered into a 30-year contract with Shaw Healthcare (West Sussex) Ltd in February 2005, to build and manage 12 care homes. Initially the services delivered care and support to those requiring help with physical frailty and dementia. Since 2009 Shaw Healthcare's portfolio (and registration) has extended to nursing.
- 1.2** The Council is 17 years into the block contract, which has a current contract value of £23.6m per annum. The Council commissions 590 beds. There are a further 160 beds available for people funding their own care.

- 1.3 In 2020 the contract was varied to reflect the changes in local policy, practice and legislation, namely changes to the eligibility threshold and enactment of the Care Act 2014. Through additional investment in staff and equipment 129 contract beds categorised as low to moderate need were changed to meet high and complex needs for residential and residential dementia provision for individuals funded by the Council.
- 1.4 The Shaw services have been significantly impacted by the pandemic including having to restrict admission into the services due to outbreaks within the homes. This has in turn impacted on the utilisation of the services and the need to commission more beds in the wider market.
- 1.5 In December 2021 the Department of Health and Social Care set out a requirement for all local authorities to complete a cost of care exercise and submit this along with a Market Sustainability Plan. A first draft of the Market Sustainability Plan must be submitted in October 2022 with a final due in February 2023. This plan presents an opportunity for the Council to review the position in advance of the Adult Social Care Reforms and having had full consideration of the local market position and the demand for services.

2 Proposal details

- 2.1 A short term plan has been developed in consultation with Shaw Healthcare Ltd to support improvements in the occupancy levels of the services which are in turn expected to reduce the volume of wider market residential and nursing beds spot purchased on top of the block contract. This is largely focused on improving process, data and information and operational changes.
- 2.2 The Market Sustainability Plan along with other analysis completed is expected to provide a clearer picture of the services needed for all levels of residential and nursing care across West Sussex. This will inform commissioning intentions and plans over coming years. In addition, this year the Council is reviewing performance and delivery information on the Shaw Healthcare contract which will inform an understanding of the demand for the contracted provision in the future.
- 2.3 As a result of the development of this additional intelligence, the proposal is to embark on a full commissioning review of the provision within the Shaw Healthcare services to determine whether they deliver the right numbers of beds, of the right bed type in the right areas of the county. Where this does not represent the picture emerging within the research being undertaken, the Council will look to vary the contract further through negotiation with Shaw Healthcare Ltd to ensure that the contract is fit for purpose both now and for the future term of the contract.
- 2.4 The Committee is asked to consider in respect of this item's information contained in Appendix A whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as indicated below, and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information (Exempt: Paragraph 3, financial or business affairs of any person (including the authority)).

3 Other options considered (and reasons for not proposing)

- 3.1 To continue the service with the current configuration is an option, although it is likely that this will not meet the need and demand for services in the future, which may lead to underutilisation of the contract which presents a value for money risk.
- 3.2 To consider reconfiguration in advance of the Market Sustainability Plan would enable change of the contract earlier but this would not consider the full and necessary level of information and intelligence to ensure the service can deliver a good quality and value for money solution that meets the demand we anticipate.

4 Consultation, engagement and advice

- 4.1 The Council meets regularly with Shaw Healthcare Ltd to discuss and review performance of the contract and has been keeping the service provider up to date with plans for the commissioning review. Shaw Healthcare Ltd. is responsive to engaging with this process.
- 4.2 Adults Services Operational teams are involved in the review of processes and the short term plan changes and will be engaged with the process to consider future need and demand and services required to meet this.
- 4.3 Consideration of the feedback from residents of West Sussex to the recently produced strategy will be considered as part of the review process. Potential changes will be the subject of a communication and engagement plan that would include Shaw Healthcare residents and their families.

5 Finance

5.1 Revenue consequences

The cost of the Shaw contract in 2022/23 is £23.6m. This is payable in full by the Council irrespective of occupancy.

- 5.2 As a result of current levels of utilisation, the Council is needing to buy more beds in the wider market than otherwise would be necessary. This has become a major source of pressure for the Adults' budget, leading to an additional £4.5m being spent in 2021/22.

5.3 The effect of the proposal:

(a) How the cost represents good value

The proposal is to review the current contract to ensure that future development of the contract represents good value.

(b) Future savings/efficiencies being delivered

The current work to improve occupancy prior to any reconfiguration or contract variation has a target saving of £2.5m from the position as at March 2022 which represents savings to be made from commissioning in the wider social care market.

(c) Human Resources, IT and Assets Impact

Shaw Healthcare Ltd run services that are delivered in Council owned buildings. Any impact on these assets will be considered as part of any future contract variation and reconfiguration.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Ongoing restrictions to new admissions impact on ability to improve occupancy	Department of Health and Social Care and Public Health guidance must be followed and services restricted accordingly in relation to Covid outbreaks. Changes in guidance will be enacted accordingly and public health guidance sought. Operational teams map potential customers into services as restrictions are lifted. Shaw Healthcare follow infection control procedures according to the relevant guidance.
Reduction in long term demand impacts further on utilisation	A protocol to support a refocus to short term placements is in place where there is limited demand for referrals for long term placement within the service. Whilst these placements are not the primary focus, this enables placements to be filled where there are no immediate referrals for the placements.

7 Policy alignment and compliance

- 7.1 The Shaw Healthcare Ltd contract is supported by legal services in order to ensure that action taken under the contract is compliant with legislation and with the terms under the original contract.
- 7.2 As described in the body of the report, in order to ensure that Covid outbreaks are managed in line with guidance, advice and support is sought through public health.

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Appendix - Exempt under Part I of Schedule 12A of the Local Government Act 1972 Paragraph 3, financial or business affairs of any person (including the authority).

Background papers - None