



Title	Parkside House Block Contract
Purpose of the report	To make a decision
Report status	Public report
Report author	Paul Harper
Lead Councillor	Councillor Gittings
Corporate priority	Thriving Communities
Recommendations	1. That the Executive Director of Communities & Adult Social Care Services be granted delegated authority to make variations to the Parkside House nursing block contract, where the variations have a value less than the Council's criteria for a key decision but where income or expenditure exceeds £500,001 per annum.

1. Executive Summary

- 1.1. This report is seeking to obtain delegated authority for the Executive Director for Communities & Adult Social Care to make annual decisions about the running of, and changes to, the Parkside House block contract, without the need to submit variation reports through to Committee.
- 1.2. The contract is a 24-year contract with a lifetime value of £28,731,500. Recent changes to the Council's Contract Procedure Rules require the total value of a contract to be considered when any variation is made to the contract, and approval of any variation needs to be authorised in accordance with the Tender Acceptance levels set out in the Council's Contract Procedure Rules. The value of this particular contract is such that a Committee decision would be required for any variation due to the high contract value. A formal decision of Committee, or an Executive Director with an authority delegated specifically by a formal decision of Committee are the only officers or bodies able to authorise a variation for a contract like this one, with a value in excess of £500,001 per annum.
- 1.3. Given that the Council generally requests annual variations of the Provider to ensure that the service meets the changing needs of Reading residents delegated authority from Committee for the Executive Director to make these decisions is being sought.

2. Policy Context

- 2.1. The Council are committed to providing choice and quality provision both at home and in care homes. Block Contracts with care homes allow an effective and efficient service availability securing beds in the long term on an agreed reduced rate in line with the Care Act 2014.
- 2.2. The Public Services Act 2012 ensure an obligation on public authorities to have regard to economic social and environmental well-being in connection with public service contracts. In hand with Readings Medium Term Financial Strategy this contract is robust and sustainable over the medium term in support of the foundations of the Corporate Plan.

3. The Proposal

- 3.1. In 2002 the Council made the decision to close its care home Wilton House on Parkside Road. It was decided to dispose of the land to a care provider in return for reduced nursing bed prices on a block contract at any new home built on the site. Bupa offered the best deal and were awarded the land on a 125-year lease. The home Parkside House was completed and opened in 2004. The Council gained a 38-bed care contract for 15 years with the option to extend the contract for a period of up to a further 10 years. The rate was one of the lowest gross weekly rates in the southeast at the start of the contract and has continued to track well below the Council's average rate for nursing placements.
- 3.2. In 2018 the block contract was extended early. Bupa bought the Council out of the savings the block would have generated for the final year and a new fee was agreed for the extension period. The contract is due to run for another 4 years ending in March 2028.
- 3.3. The beds within the contract are divided by needs group, 3 Low need, 23 medium, 7 high and 5 flexible needs beds. To help reduce voids in the contract the council has in the past varied the number of beds in the different needs groups to facilitate placements and minimise void beds and meet current need. These variations to the contract were permissible under the Council's Contract Procedure Rules until they were changed recently.
- 3.4. On the 17th October 2023 the Council amended the constitution with a new version of the Contract Procedure Rules. These new rules contain a change to the wording on the section that governs variations and extensions to contracts.
- 3.5. Prior to the change, the rules (below) allowed for variations provided they were permitted by the Public Contract Regulations 2015, the terms and conditions of the contract and were authorised by an officer with authority to agree the cost of the variation.

28 (1) Any contract may be varied or extended where permitted by the Regulations. Variations should either be in accordance with the existing contract's terms or within permitted variation limits as stated by the Regulations. Extensions should only be where the existing contract's terms allow for such an extension. Any such variation or extension shall be authorised in line with Contracts Procedure Rules 18 and 20.

28 (2) The Project Officer shall always be satisfied that the variation or extension will achieve Best Value for money and is reasonable in all the relevant circumstances. The Project Officer shall complete a Procurement Project Appraisal Form before the contract is formally signed with the contractor.

- 3.6. Following the change to Contract Procedure Rules an additional clause was added to the variations and extension rules that mean that the full value of the contract being varied now needs to be considered when any variation is being authorised.

(28.3) Approval of any contract variation or extension shall be based on the total contract value including the proposed variation or extension, and in accordance with the Tender Acceptance levels set out in CPR 18.

- 3.7. For long-term contracts like the Parkside House block contract, which has a 24-year life span, the total contract value is always going to be in excess of the values that the Constitution allows for Assistant Directors or Executive Directors to authorise without the need to submit a report to a Committee or Council for authorisation.
- 3.8. Executive Directors and Assistant Directors can authorise spend up to and including £500,000 per annum (revenue). The total lifetime value of the Parkside House nursing block contract is in excess of £28 million. The cost to the Council of the last 6-month variation to the Parkside House contract was only £7,521.43. The changes to Contract Procedure Rules mean that to make any changes to the Parkside House contract, regardless of how much the variation costs, is only a decision committee can authorise.

- 3.9. It is proposed that the Committee grant the Executive Director of Community & Adult Social Care Services delegated authority to make variations to the Parkside House nursing block contract, where the variations have a value less than the Council's criteria for a key decision, where income or expenditure exceeds £500,001 per annum.
- 3.10. This delegated authority would mean that variations which are implemented to manage voids in the contract or to reduce or increase the number of beds (within permitted variation limits as stated by the Regulations) could occur at greater speed but still be within the current delegated spending authorisation granted to the Executive Director.
- 3.11. Without this variation the Commissioning Team will need to approach committee for every future variation or change to the running of the contract.
- 3.12. To provide comfort to Committee that the enhanced power to vary the contract such delegation would allow is being operated well and in accordance with the spirit of the CPRs it is proposed that details of all the variations granted over a [6/12] month period are presented in a short Report to Committee annually. The Committee shall be able to review the actions undertaken and confirm the delegation is operating as intended.

4. Contribution to Strategic Aims

4.1. Values

4.2. Our Vision is to help Reading realise its potential and to ensure that everyone who lives and works here can share the benefits of its success, as our values confirm:

- we will look at best practice and ensure we deliver quality services and value for money
- we will transform our services to make them fit for the future
- we will value equality, diversity and inclusion

4.3. The Corporate Plan

4.4. This decision aligns with the Council's corporate plan under thriving communities and inclusive economy. It will directly affect people in Reading by increasing the speed at which the Council can react to changes in need, enabling placements to be made and hospital discharges to be made as fast as possible. It will also have a direct impact on Council's budgets by enabling the teams to flexibly utilise beds in a way that will reduce void times within the block contract.

4.5. Healthy environment: Our Health & Wellbeing Strategy aims to reduce the differences in health between different groups of residents and support those who are at high risk of poor health outcomes.

4.6. Thriving communities : An increased focus on the needs of the most vulnerable and excluded in our communities, to ensure young people, older people and those with long term health conditions or disabilities are supported to live their best lives.

4.7. Inclusive economy: Our priority is to support the most vulnerable in our communities and to lay the groundwork for a strong economic recovery and that this work continues.

5. Environmental and Climate Implications

5.1. There are no environmental and/or climate implications arising from this report.

5.2. Placements in Care Homes that are local to Reading minimise the carbon footprints arising from travel carbon emissions for service users and their families. Parkside House is easily accessible via electric buses in Reading.

6. Community Engagement

6.1. There has been no community engagement regarding this decision.

7. Equality Implications

7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2. An Equality Impact Assessment was considered, however, there is no evidence or reason to believe that changing the authorisation process for variations to an existing contract would cause some (racial, disability, gender, sexuality, age and religious belief) groups to be affected any differently than others.

8. Other Relevant Considerations

8.1. There are no other relevant considerations for this report.

9. Legal Implications

9.1. The proposed delegation is a departure from the normal operation of the new CPRs and it is recommended that an oversight of the delegation is maintained by Committee by the mechanism outlined in paragraph 3.12 to minimise and procurement compliance risks whilst allowing operational flexibility.

10. Financial Implications

10.1. There are no direct financial implications arising from this report.

10.2. This is a longstanding block contract agreement that has been in place between the Council and Bupa since 2004. The current costs associated with the block contract have been agreed and are incorporated within the current adult Social Care and Health Services budget for the 2024-25 financial year.

10.3. Using the delegation granted through this paper, future variations to this contract may increase or decrease spend against the contract by up to £500,000 per annum.

11. Timetable for Implementation

11.1. Not applicable.

12. Background Papers

12.1. There are none.

Appendices

1. None