

The Highland Council

**ADULT AND CHILDREN'S SERVICES COMMITTEE –
21 AUGUST 2013**

Agenda Item	20.
Report No	ACS/80/13

Care Home Services in Tain and Muir of Ord

Report by Director of Health and Social Care

Summary

This report provides an update on progress towards new care home provision in Tain and Muir of Ord.

1. Background

- 1.1 The Housing and Social Work Committee agreed on 15 September 2010, that expressions of interest should be sought from the independent sector for new care homes in Tain and Muir of Ord, and if viable, that this should progress to competitive dialogue, to identify the best solutions to maintain residential care for older people in both communities.
- 1.2 Following a thorough procurement process during 2011, a report was submitted to the Housing and Social Work Committee on 11 January 2012, which set out the detail of the procurement process to secure new care homes for older people in Tain and Muir of Ord; advised of the conclusion of this process; set out the options; and made a recommendation for new care homes in both communities.
- 1.3 The main content of the report was a briefing of the bid submitted by the proposed preferred bidder, Parklands Highland Ltd. This confirmed that Parklands Highland Ltd would build and operate new care homes on the Council-owned sites in Tain and Muir of Ord. Each care home would provide 34 en-suite (toilet and shower) bedrooms, with the opportunity to extend in the future. In addition, Parklands Highland Ltd would lease Duthac House and Urray House from July/August 2012 (*now July 2013*), and would deliver services in the existing buildings until the new care homes are ready by autumn 2013 (*now April 2014*).
- 1.4 A resume of the key staffing and financial aspects of the proposal is provided below:
 - a) It is anticipated that the leases of Duthac House and Urray House will be for a minimum period of nine months and a maximum period of twelve months.
 - b) Staff will transfer to Parklands Highland Ltd in July/August 2012 (*now July*

2013) on their current terms and conditions, including pensions. Parklands Highland Ltd will carry out an organisational review to be implemented on transfer to the new care homes and the outcome may be that changes to terms and conditions of staff may be required to reflect the increased care home capacity, dual registration and staffing requirements.

- c) For the transition lease period, the Council will block fund 24 beds in each care home at the National Care Home Contract rate. Following the move to the new care homes, payment will be made at the national care home contract rate on a spot purchase basis.
- d) The Council will make payment to Parklands Highland Ltd to cover staffing costs during the transition lease period up until the move to the new care homes and for a period of up to three months after transfer. Payment will only be made on the basis of actual costs incurred, and the same costs would likely be attributable to Highland Council, were it to be still running the service.
- e) Again, assuming the lease period is the maximum anticipated of twelve months, the maximum cost would be £1.244m.
- f) The maximum cost over a twelve month lease period will therefore be £2.434m for the purchase of 48 beds, against current annual operating costs of the care homes of £1.9m.
- g) Parklands Highland Ltd also seek payment to address any costs arising from their organisational review. The maximum cost would be £0.789m.
- h) Parklands Highland Ltd will seek (closed) admitted body status in the Local Government Pension Scheme for a period from July/August 2012 until transfer to the new care homes in autumn 2013 (*now April 2014*).

- 1.5 The report was welcomed by members. The recommendation made, which was agreed by Members, was for Parklands Highland Ltd to be confirmed as preferred bidder and that the Director of Finance should be mandated to proceed to finalise contractual arrangements and contract award.

2. Progress

- 2.1. Since January 2012, there has been significant dialogue with Parklands Highland Ltd. These meetings have focussed on a) contract negotiation, drafting and actions required to address the conditions precedent and reach contract close; and b) pre implementation actions pending contract award.
- 2.2. The majority of the dialogue from January 2012 to December 2012 was regarding contract negotiation issues and awaiting bank funding for Parklands Highland Ltd. Arising from this, Biggart Baillie, who are the Council's external legal advisers for the project, undertook due diligence on the conditions precedent for the Council.

- 2.3. On 21 December 2012, Biggart Baillie provided a letter to the Council setting out that all the conditions precedent had a) already been satisfactorily met or b) would be capable of being met prior to the scheduled signing date of 7 January 2013.
- 2.4. On the basis of this confirmation, the Depute Chief Executive, as mandated by the New Care Homes Project Board, agreed that the standstill letters should be issued and that the Director of Finance should be asked to sign the contracts, subject to a) no challenge coming forward from the standstill letters and b) the remaining conditions precedent being met prior to signing.
- 2.5. The standstill letters were issued on 21 December 2012, noting that the standstill period would end on 4 January 2013. No challenge was received within this period.
- 2.6. The issues identified as being capable of being met by the scheduled signing date, took longer than anticipated to progress, and the planned signing date was postponed. These issues were resolved and the remaining conditions precedent were met in May 2013, enabling the contract signing to take place on 23 May 2013.
- 2.7. Following the contract signing, a seven week transition period commenced, in advance of the transfer date of 15 July 2013.
- 2.8. This transition period involved a significant amount of activity around communication (with staff, residents, relatives and relevant stakeholders), personnel, payroll/pensions, housing and property issues, in order to facilitate a smooth transfer. This period was overseen by weekly update meetings between The Highland Council and Parklands Highland Ltd, to monitor progress against the transition plan.
- 2.9. Following the transition period, the smooth transfer took place on 15 July 2013. Work at the new sites commenced on 8 July 2013.
- 2.10. Throughout the process and particularly at key stages, there has been ongoing dialogue with and updates to, the Trade Unions.
- 2.11. There have also been briefings to the Elected Members of the wards in which Duthac House and Urray House are located, at the key stages of the process. Following a member request, a visit to Parklands' current care homes took place on 27 February 2013.

3. Implications arising from the Report

3.1. Resource Implications

The resource implications arising from the project are unchanged from those reported to the Housing and Social Work Committee on 11 January 2012.

3.2 Legal Implications

The legal implications arising from the project are unchanged from those reported to the Housing and Social Work Committee on 11 January 2012.

3.3 Equality Implications

The equality implications arising from the project are unchanged from those reported to the Housing and Social Work Committee on 11 January 2012.

3.4 Climate Change Implications

The climate change implications arising from the project are unchanged from those reported to the Housing and Social Work Committee on 11 January 2012.

3.5 Risk Implications

The risk implications arising from the project are unchanged from those reported to the Housing and Social Work Committee on 11 January 2012.

Recommendation

Members are asked to note the update and confirmation of the signing of the contracts for new care homes in Tain and Muir of Ord with Parklands Highland Ltd.

Bill Alexander

Designation: Director of Health and Social Care

Date: 29 July 2013

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Background Papers:

1. Housing and Social Work Committee, 11 January 2012; HSW-09-12, New Care Homes Project
2. The Highland Council, 24 June 2010; HC-11-10; Capital Programme – New Care Homes, Business Case Reviews.
3. Housing and Social Work Committee, 15 September 2010; Report number [HSW-106-10](#); Proposals Regarding Service Changes Associated with Care Homes.
4. Adult Services Scrutiny and Development Sub Committee, 27 September 2012, New Care Homes Project – Update Report