



North Tyneside Council

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Dear Provider,

We arranged meetings to engage with you on the forthcoming contractual arrangements and commissioning model for North Tyneside's Older People's Care Homes, thank you for engaging with us during this time. These engagement meetings have taken place over the last couple of weeks in which we shared with you a slide deck outlining our proposal and offered the opportunity for you to provide feedback on a series of questions during the call or via email following the meeting.

This engagement is an important part of shaping the upcoming contract. Your comments and feedback, therefore, are greatly appreciated and we acknowledge them all as we move forward with the next stage of developing the suite of contractual documents.

The engagement report attached gives a summary of your responses to the questions posed by us, and has informed our initial proposals, as outlined in the report.

The draft contract will be issued to you on the 13th of September 2021, on which you will have 10 working days (until 24th September) to provide any additional comments you may have.

If you have any queries, please get in touch via email at:

Lydia.ruddick@northtyneside.gov.uk

Kind regards,

Mark Longstaff

Director of Commissioning and Asset Management

Older People's Care Homes North Tyneside Feedback from Engagement Meetings

1. Overview

- Meetings were scheduled with 20 providers to engage on North Tyneside Council's upcoming commissioning intentions
- 13 providers gave feedback to us in the engagement meeting over Teams
- 5 providers gave feedback both via email and during the meeting on Teams
- All providers were sent the slide deck which explained the current position and engagement questions, and were offered the opportunity to respond via email

The topics we sought to engage on were quality, contract duration, bandings, and annual inflation. The following questions were posed to providers:

- Which quality monitoring option is preferred? Option 1 was a 80% service / 20% environment split and option 2 is a 90%/10% split.
 - Should CQC score be included in the quality monitoring tool?
- For contract duration, would you prefer 3 or 4 years?
- Are our proposed changes to bandings enough of an incentive to drive quality improvements?
- In terms of annual inflation, is 70% living wage / 30% CPI an acceptable uplift mechanism, and if not, are there better alternatives?

The responses to these questions have been collated and are summarised below. We have also added an 'initial proposal' underneath each engagement topic, which has been formulated based on the feedback. However, it should be noted that nothing is yet determined until the contract is finalised and the commencement of the procurement process.

Other themes that arose in the feedback are in Section 6: Other Feedback.

2. Quality

The majority of providers were in agreement with a change to quality monitoring, understanding the push toward a higher level of quality being conducive to a market who prioritise their clients.

Option 2, the 90%/10% split, was the preferred option, with 6 providers for this, against only two in preference of option 1. Reasons given for this were that quality of care and experience of customers were better indicators of overall quality than physical environment.

Not to include CQC ratings in the quality score was preferred by the most providers. The most common reason for this was that the CQC ratings can often have been awarded too far in the past to reflect current standards of quality in a care home.

Initial proposal: Option 2 for quality monitoring with no CQC rating weighting.

3. Contract

Overall, providers seemed pleased with the possibility of a longer-term contract. Not all providers answered the question on 3 or 4 years directly.

For those that did, a **3-year contract** was preferred by a large majority on the basis that the market can change significantly in this time period, and that 4 would seem a little too long given that arrangements have been annually agreed up until now.

Initial proposal: Duration of contract as 3-years, consideration being given to a +1 year extension.

4. Bandings

Many providers commented that this type of change to bandings is a good incentive to drive quality. However, there was **little consensus** on whether increasing the threshold for Band 1 to 90% was reasonable.

5 providers were comfortable with the proposed increase, however 5 felt that it would add too much pressure or is inappropriate, and that 90% for Band 1 entry is too high of a jump from 80% as it sits currently.

Initial proposal: Increase banding thresholds to drive quality, but up to only 85% for Band 1 in year one of the contract, before increasing to 90% in year two, so that providers have time to adjust to new banding system.

5. Annual Inflation

The proposed mechanism for annual inflationary uplift of 70% living wage weighting and 30% CPI weighting was a point of contention for some providers.

While 3 providers stated they would be comfortable with the mechanism, 5 providers disagreed with it on the basis that utility bills and insurance costs have accelerated at a higher rate than the mechanism could capture, complex needs are contributing to a higher cost of care, and wage increases in healthcare are often higher than average, particularly if care homes want to attract and retain staff.

However, we asked for **alternative options to consider** and only **one provider** gave a suggestion of an alternative index to explore.

Initial proposal: We are looking into alternative indexes which may be more appropriate for the care home market and we are exploring the possibility of using a basket of indicators with more relevance to care homes than those in the CPI tool.

6. Other Feedback

While the purpose of the engagement was to gather feedback on the four topics above, feedback from meetings also uncovered some additional themes.

Firstly, there was an ask for us to insert a clause into the contract that would allow for changes to contractual arrangements in the event of something unexpected occurring that would cause a material change in market costs. We are currently in discussion with our legal team to understand what a clause like this may look like and the parameters that would need to be put in place around it.

Secondly, some providers mentioned the base fee level needing to be set in advance of the final contract being distributed. A term will be added to the contract should the base fee change prior to the contract being entered into.

Lastly, providers stated they would like guidance and support in navigating the NEPO portal, where the tender documents will be issued. We will be providing guidance and support in the coming weeks.