

Reflections on the transfer of Residential Care Homes from Neath Port Talbot Council to Grŵp Gwalia

Introduction

On the 1st April, 2012 Gwalia took on the running of Neath Port Talbot Council's 8 residential and respite care homes for older people. The 25 year contract involved the TUPE+ transfer of 361 staff. The contract requires Gwalia to reprovide seven of the homes into four new purpose built facilities within four years.

This was a significant exercise which required long term planning and consultation by the Council. The procurement process was complex involving the transfer of care services, staffing and buildings. From Gwalia's perspective it required the evaluation of significant risks in relation to finance, TUPE and the delivery of care.

The transfer demonstrates the positive contribution housing associations and other third sector organisations can make to address the long term care needs of older people.

Background

Neath Port Talbot invited tenders in July 2011 from organisations interested in taking on the running of their residential care and respite care services for Older People. The Council wanted to identify an 'appropriately qualified and experienced organisation to work in partnership with, to provide high quality care and develop new buildings which are based on high standards of design'.

The successful bidder was expected to: -

- Run the Council's eight existing care homes from the 1st April 2012, providing care to 249 residents and transferring 361 staff.
- By 2015 to finance, design and build four new care homes (180 beds) on sites identified by the Council to replace seven of the eight transferred homes.
- Continue to run Dan-y-Bryn in Pontardawe (40 beds) for ten years after the date of transfer.
- Provide 30 units of housing in the Upper Afan Valley on sites identified by the Council.
- The contract was offered for up to 25 years.

The contract was broken down into three phases: -

- Phase 1 – years 1-4 involves management of 8 existing care homes (249 beds), building 4 replacements and demolishing and handing back 7 of the original 8 to the Council.
- Phase 2 – years 5-10 involves managing the 4 new homes and one existing home (220 beds).

- Phase 3 – years 11-25 involves managing the 4 new facilities only (180 beds).

Neath Port Talbot agreed a revenue funding framework over the life of the contract which will be reviewed in the light of developing levels of care and support needs and utilisation levels. Bidders therefore had to model a number of scenarios within their financial forecasting to account for any potential changes.

Key issues in the procurement process

The complexity of the procurement process and the amount of information required, together with a number of unquantifiable risks (including exposure to pensions liabilities) presented a significant challenge to Gwalia, even with the additional capabilities it possessed as a larger third sector organisation. The key risk areas were as follows: -

- Management of risk through the contract.
- Financial viability of the contract.
- Implications of changes in Guaranteed Bed Commitment and future demand for services.
- Pension risks.
- Construction costs of the new developments.
- Location of and issues with sites.
- Implications of the TUPE+ agreement.
- Impact on Gwalia of a major staff transfer and ability to deliver large scale care services.
- Tight timescale for managing the transfer.

Critical to the reaching of an agreement was the open and collaborative approach taken by the Local Authority. The Local Authority's willingness to take a risk sharing approach was vital to the successful conclusion of these issues.

Outcome of the procurement process

A detailed analysis of the process followed by Neath Port Talbot Council and the key issues faced are set out in the attached report at Appendix 1 to a Special Cabinet meeting on the 7th December 2011. The report demonstrates the scale of the undertaking and the challenge it presented for potential bidders.

A significant level of planning and consultation was required to achieve a contract award. Section 7 of the report gives an indication of the level and nature of the engagement that was required.

Transfer of services

Following agreement on the contract both parties agreed a Joint Transition Plan covering some 264 items and work streams. Both parties also identified a transition manager and fortnightly meetings were held to update progress, identify issues and refocus energy as required. The transition plan was built around key work flows and the sharing of information by Neath Port Talbot was crucial to enable the smooth transition.

A further example of the openness of the approach is the enhanced governance arrangements introduced by Gwalia. An Older Adults Committee has been formed which will be chaired by a Group Board member and an opportunity exists for Neath Port Talbot Council to nominate representatives to join the Committee. The Committee will focus on ensuring the delivery of the highest standards of care to Older People by Gwalia and seek improvements in the delivery of services and design of new buildings in line with best practice.

The transition has gone smoothly and the response of residents, families and staff to date has been very positive.

Conclusion

The outsourcing of the Neath Port Talbot residential and respite care services for Older People to Grwp Gwalia is an example of how a third sector organisation can successfully take on major care services for older people from the statutory sector. This contract is of particular interest because of the scale and complexity of the transfer which presented significant challenges for all potential bidders. For Gwalia to be successful it required the organisation to demonstrate expertise in: -

- Financing, designing and building significant capital developments
- Managing a large scale TUPE+ transfer
- Demonstrating a track record and capability to deliver high standards of care to older people
- Ensuring an infrastructure is in place to manage a major transfer

In reaching agreement on the contract and managing the transfer of the homes a positive working relationship has been achieved between Neath Port Talbot Council and Grwp Gwalia. Feedback from residents, families, staff and stakeholders through the process has indicated a high degree of reassurance because Gwalia is a third sector organisation. The process has generated a high degree of anxiety for people affected but concerns have been reduced because Gwalia has the following characteristics: -

- Established local organisation with a positive reputation
- Values driven, socially motivated, not for profit organisation
- Clearly defined governance and accountability arrangements

- Strong track record in partnership working and delivering housing, care and support

This process demonstrates how the third sector and housing associations in particular can work in partnership with Health and Local Government to identify solutions to strategic challenges. Great potential exists for these relationships to be developed further between the statutory and third sectors in Wales to find suitable and palatable solutions to the future delivery of essential services.

Richard Davies
Executive Director Social Care and Supporting People
Grwp Gwalia
18th May, 2012.