



Extension of the council's Care Homes (Unified) Contract

Decision maker: Cabinet member adults, health and wellbeing

Decision date: 20th February 2026

Report by: Commissioning Manager, Community Wellbeing

Corporate Director - Community Wellbeing

Classification

Open

Decision type

Key

Notice has been served in accordance with Part 3, Section 11 (Cases of Special Urgency) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

(All Wards);

Purpose

This report is to approve the extension of the period of validity of the Council's Nursing and Residential Care Homes contracting arrangements, originally created in 2016 as a Dynamic Purchasing System (DPS) and contracted under the terms of the (Unified) Contract.

A notice was published to extend the period of validity of the DPS in 2021 which is now due to expire on 5th September 2026.

The Council's intention is to further extend the period of validity until 23rd February 2029 in line with the extension period permitted pursuant to the Procurement Act 2023 Commencement No. 3 and Transitional and Saving Provisions) Regulations 2024 ('the Regulations')

Recommendation(s)

That:

- a) The period of validity of the existing DPS for the Council's nursing and residential care homes is extended until 23rd February 2029; and
- b) Authority is delegated to the Director for Community and Wellbeing to take all operational decisions to implement recommendation (a) and to terminate the DPS in accordance with its terms on 12 months' notice when new arrangements to deliver nursing and residential care are in place

Alternative options

1. Alternative Option 1 – Do Nothing

If the Council were to do nothing, the period of validity will expire after 5th September 2026. This is not an option as the Council has a statutory responsibility for provision of existing and new placements in line with the Care Act 2014 and Section 5.

2. Alternative Option 2 – Re-commission purchasing of adult care home provision

This would see the Council re-commission purchasing of adult care home provision by 5th September 2026. The risks identified with this approach include:

- a. Timeframe for re-commissioning is limited and would be heavily driven by time as opposed to quality.
- b. Significant impact to the commissioning resource, where there is critical delivery required across transformation and savings workstreams.
- c. Owing to a lack of familiarity with varied / new procurement options open to the Council following changes implemented by the Procurement Act 2023 there is additional uncertainty which would make completing an exercise of this scale within a short time frame higher risk.
- d. Procurement options appraisals work undertaken thus far indicates the most appropriate 'procurement vehicle' may not be aligned to current market conditions in Herefordshire.

Key considerations

- 3. The Council has a statutory duty within the Care Act 2014 to ensure a sufficient and fit for purpose provision of care services to the residents of Herefordshire.
- 4. A procurement exercise was undertaken in 2016 to establish a DPS for adult care home provision (with or without nursing), which was initially intended to be for a period of 5 years. This was extended by a further 1 year in 2020, then a further 5 years in 2021. The DPS period of validity is currently due to expire on 5th September 2026.
- 5. The Council's intention is to publish a notice extending the period of validity of the DPS until 23rd February 2029 which is the maximum DPS extension duration permitted by the Regulations. This equates to a final extension period of 2 years and 5.5 months.
- 6. Extensions of the period of validity to the DPS are not limited in financial value as there is no immediate value associated with the DPS.

7. A DPS is designed to give buyers access to pre-qualified suppliers and ensures that the end-to-end process is competitive, fair and transparent. Suppliers need to meet the online entry criteria to be accepted onto the DPS. New suppliers can join at any time during the lifetime of the DPS.
8. There are several reasons to extend the period of validity of the DPS, as follows: -
 - a. This will allow continuation of use of the DPS to facilitate care and support arrangements for individuals and service providers, upholding the Council's contractual responsibilities to providers which it cannot currently do if it ends on 5th September 2026.
 - b. Extension of the contract ensures that the commissioning resources can focus on other critical delivery required across transformation and savings workstreams
 - c. The ongoing transformation and savings projects referred to above are likely to reshape the contractual requirements needed going forward, which may impact recommissioning in the future.
 - d. The procurement options that are available within the new public procurement regulations, implemented in February 2025 (Procurement Act 2023) will need to be explored fully.
 - e. Purchasing would continue as current, which is 'as and when' required through a call-off, from the DPS until re-procurement of the provision.

Legal Advice

Legal advice has been considered, and it has been identified that extension to the period of validity of the DPS is permitted subject to governance and statutory notices.

Purchasing Overview

8. In December 2025 the number of commissioned placements that the Council funds, were as follows:
 - a. 720 placements within 84 homes in Herefordshire and
 - b. 120 placements across 85 providers outside of Herefordshire

Extension of the DPS itself poses no financial changes to existing funding arrangements for care homes.

Community impact

9. Herefordshire Council needs to ensure it has sufficient and robust abilities to commission residential and nursing homes, a core critical service to adults living in Herefordshire. The proposals outlined within the report identify opportunities to do this whereby efficiency is maximised.
10. Extension of this contract will allow effective continuation of use of the DPS to facilitate care and support arrangements for individuals and service providers
11. It is a council plan commitment to 'enable residents to realise their potential, to be healthy and benefit from communities that help people to feel safe and supported'

Environmental impact

As this request is for an extension to an existing DPS, there will be no new or additional environmental impacts.

Equality duty

12. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
13. The mandatory equality impact screening checklist has been completed for this project/decision/activity, and it has been found to have low impact for equality Please see Appendix 1).
14. Due to the potential impact of this project/decision/activity being low, a full Equality Impact Assessment is not required. However, the following equality considerations should be taken into account when making a decision about this activity/project:
 - a. Protected characteristics
 - b. Impact to protected groups
 - c. Alignment to the Council's Equality Policy

Minimal adverse impact is identified through the proposals, given that the proposal is to extend existing arrangements.

Resource implications

There is no additional financial impact of continuing to extend the DPS

Annual Revenue Spend on RESIDENTIAL Care Homes - Gross Cost			
	Long Stay Residential (£)	Respite - Residential (£)	Short Stay - Residential (£)
2021-22			
LD-Residential-Spot	10,842,986	7,213	198,604
MH-Residential-Spot	1,691,364		13,287
PD-Residential-Spot	6,448,744	76,380	459,982
SS-Residential-Spot	145,882		5,011
MC-Residential-Spot	1,331,949	2,824	23,392
2021-22 Total	20,460,925	86,417	700,276
2022-23			
LD-Residential-Spot	11,488,704	1,350	364,609
MH-Residential-Spot	1,781,542		21,964
PD-Residential-Spot	7,639,592	89,683	933,592
SS-Residential-Spot	249,884		
MC-Residential-Spot	1,360,194	3,750	111,935
2022-23 Total	22,519,916	94,783	1,432,100
2023-24			
LD-Residential-Spot	13,168,771		223,880
MH-Residential-Spot	2,394,112		23,787
PD-Residential-Spot	10,225,395	180,693	926,902
SS-Residential-Spot	196,386		
MC-Residential-Spot	1,831,256	15,592	213,129
2023-24 Total	27,815,919	196,285	1,387,698
2024-25			
LD-Residential-Spot	14,681,631	2,860	119,107
MH-Residential-Spot	2,931,595	8,552	20,763
PD-Residential-Spot	13,187,729	227,344	509,020
SS-Residential-Spot	190,382		
MC-Residential-Spot	2,354,340	8,398	33,205
2024-25 Total	33,345,677	247,154	682,095
2025-26			
LD-Residential-Spot	12,217,011	5,386	65,148
MH-Residential-Spot	1,889,439		8,642
PD-Residential-Spot	11,523,196	193,193	500,373
SS-Residential-Spot	173,331	2,626	
MC-Residential-Spot	1,814,844	24,820	63,795
2025-26 Total	27,617,821	226,024	637,959

Annual Revenue Spend on NURSING Care Homes - Gross cost			
	Long Stay Nursing (£)	Respite - Nursing (£)	Short Stay - Nursing (£)
2021-22			
LD-Nursing-Spot	511,677		22,509
MH-Nursing-Spot	987,899		7,426
PD-Nursing-Spot	7,942,298	33,826	1,007,620
SS-Nursing-Spot	180,605		3,142
MC-Nursing-Spot	1,191,522	3,437	44,297
2021-22 Total	10,814,001	37,263	1,084,993
2022-23			
LD-Nursing-Spot	573,495		2,588
MH-Nursing-Spot	1,015,742		33,583
PD-Nursing-Spot	10,686,047	71,620	2,018,868
SS-Nursing-Spot	108,691		
MC-Nursing-Spot	1,062,455	5,342	83,452
2022-23 Total	13,446,430	76,962	2,138,491
2023-24			
LD-Nursing-Spot	756,291		
MH-Nursing-Spot	1,043,337		2,422
PD-Nursing-Spot	13,090,110	82,697	612,862
SS-Nursing-Spot	47,882		
MC-Nursing-Spot	1,095,788	2,743	5,195
2023-24 Total	16,033,408	85,440	620,478
2024-25			
LD-Nursing-Spot	642,470		45,126
MH-Nursing-Spot	784,763		164
PD-Nursing-Spot	14,419,123	57,938	360,104
SS-Nursing-Spot	65,739		
MC-Nursing-Spot	1,485,653	5,750	29,574
2024-25 Total	17,397,749	63,688	434,969
2025-26			
LD-Nursing-Spot	556,522		8,907
MH-Nursing-Spot	445,379	20,089	
PD-Nursing-Spot	10,065,925	52,925	243,811
SS-Nursing-Spot	18,327		
MC-Nursing-Spot	895,468	8,140	14,196
2025-26 Total	11,981,622	81,154	266,914

Legal implications

15. The Council has a statutory legal duty to ensure there is sufficient and fit for purpose provision of care services to Herefordshire residents who are eligible under the Care Act 2014 and that a sustainable market is maintained providing choice and quality.

16. The arrangements the Council has in place were set up before the implementation of the Procurement Act 2023 and therefore the Public Contract Regulations 2015 ('PCR 2015') are relevant and applicable in relation to the intention to extend the period of validity.
17. Regulation 34 (28) PCR 2015 provides that where the period of validity is changed without terminating the DPS, the contracting authority shall submit for publication on the UK e-notification service a notice of the kind used initially for the call for competition for the DPS.
18. Regulation 5 of the Procurement Act 2023 (Commencement No. 3 and Transitional and Saving Provisions) Regulations 2024 states that the period of validity of a DPS may not be changed after 23 February 2026 and that a DPS will cease to exist after 23 February 2029.
19. Following a decision to extend the DPS publication of notices pursuant to paragraph 25 should also be published prior to 23 February 2026 pursuant to the Regulations.

Risk management

<u>Issue</u>	<u>Risk</u>	<u>Proposed mitigations</u>	<u>Risk with mitigations applied</u>
The period of validity of the Council's Nursing and Residential Care Homes contracting arrangements and a procurement of a new vehicle is not achieved by 5 th September 2026.	High The Council would not be able to comply with statutory duty and provision	The period of validity of the existing DPS for the Council's nursing and residential care homes is extended until 23 rd February 2029	Low

Consultees

Consultation has taken place with the Chair of Health, Care and Wellbeing Scrutiny Committee and the Monitoring Officer

Appendices

Appendix 1: Equality impact screening checklist

Background papers

Details of previous DPS extension, dated 05/07/2021: -

- [Decision - Decision to extend the current Dynamic Purchasing System \(DPS\) used for the supply of services to secure adult care home provision for a further period of up to five years. - Herefordshire Council](#)