

**Report of:** Deputy Director Integrated Commissioning

**Report to:** Director of Adults and Health

**Date:** 16<sup>th</sup> January 2019

**Subject:** Request to approve the novation of the contracts for Community Based Respite Care and the Community Home Care Services from Nestor Primecare Services Ltd to Allied Health Services Ltd trading as Allied Healthcare

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of Main Issues

1. Adults and Health have two contracts with Nestor Primecare Services Ltd who traded as Allied Healthcare these being the Community Based Respite Care dated 1st December 2014 and the Community Home Care Services dated 1st June 2016.
2. Following a period of financial instability, Nestor Primecare Services was able to sell the company assets to Health Care Resourcing Group (HCRG) who have established a new company Allied Health Services Ltd who will continue trading as Allied Healthcare.
3. Following relevant due diligence checks which have been completed Adults and Health now need to formally transfer the contracts for the Community Based Respite Care contract and the Community Home Care Services contract from Nestor Primecare Services Ltd to Allied Health Services Ltd through the completion of a novation agreement and Parent Company Guarantee.

## **Recommendations**

1. The Director of Adults and Health is recommended to approve the novation and completion of a Parent Company Guarantee to formally transfer the contracts for Community Based Respite Care dated 1st December 2014 and the Community Home Care Services dated 1st June 2016 from Nestor Primecare Services Ltd who traded as Allied Healthcare to Allied Health Services Ltd who will also trade as Allied Healthcare.
2. That the Director of Adults and Health notes that commissioning officers from Adults and Health together with officers from Procurement and Commercial Services will formally complete the signing of the novation agreement and parent company guarantee immediately once the decision has been made.

### **1 Purpose of this report**

- 1.1 This report is to seek agreement of the Director of Adults and Health to novate the Adults and Health Community Based Respite Care contract dated 1st December 2014 and the Community Home Care Services contract dated 1st June 2016 from Nestor Primecare Services Ltd who traded as Allied Healthcare to Allied Health Services Ltd who will also trade as Allied Healthcare. .

### **2 Background information**

- 2.1 Adults and Health currently have two contracts with Nestor Primecare Services Ltd who traded as Allied Healthcare in respect of the Community Based Respite Care contract which is dated 1st December 2014 and the Community Home Care Services contract which is dated 1st June 2016. Both these contracts were gained by Allied Healthcare through competitive procurement processes.
- 2.2 In April 2018, Nestor Primecare Services applied for a Company Voluntary Arrangement in order to restructure its debts and were successful in agreeing this with its creditors. However, in November 2018 the Care Quality Commission (CQC) issued a Stage 6 Notice against Nestor Primecare Services Ltd which is part of their market oversight duty under the Care Act 2014. The stage 6 notice signals to commissioners of services that there is a possibility of an imminent threat to the company trading prospects due to serious financial concerns. CQC issued the Stage 6 Notice as Nestor Primecare Services Ltd had failed to provide the regulator with sufficient evidence of the company's short term liquidity. Given that Nestor Primecare Services Ltd were a major national company, both the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) were involved, to provide guidance to councils in this respect.
- 2.3 Following the issue of the Stage 6 notice, Adults and Health worked closely with the Leeds CCG and followed guidance from the LGA and ADASS to ensure robust contingency plans were put in place should Nestor Primecare Services cease to trade. However, at the end of November 2018, the LGA and ADASS informed local authorities that the assets of Nestor Primecare Services had been acquired by the Health Care Resourcing Group (HCRG) and that they had established a new company, Allied Health Services Ltd, to take over the operation of the contracts. HCRG confirmed that all the current staff employed by Nestor Primecare Services

Ltd would transfer to the new company and that company would continue to trade as Allied Healthcare. This has meant there has been no change to the services being provided to service users by Allied Healthcare.

### **3 Main issues**

- 3.1 Since being informed of the sale of the company, Adults and Health have been undertaking due diligence checks on the Allied Health Services Ltd using the Council's standard due diligence checking form. These checks have included health and safety and safeguarding vetting. However, the only area it has not been possible to vet at present is the financial standing of the company given that it is a newly formed company and therefore has no trading accounts. As this is the case, it has been recommended that the Council enters into a parent company guarantee with the holding company HCRG.
- 3.2 In order to formally transfer the contracts to Allied Health Services Ltd, it is necessary for the Council to enter into a novation agreement. As Nestor Primecare Services Ltd went into administration on the sale of the company to HCRG, the novation agreement will include the administrators for Nestor.

### **4 Corporate considerations**

#### **4.1 Consultation and engagement**

- 4.1.1 Since CQC issued their Stage 6 notice, Allied Healthcare have kept service users informed of the process that has been undertaken. In addition, briefings on the current situation have been provided to the Executive Member and the Chair of Scrutiny Board (Adults, Health and Active Lifestyles).

#### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality, Diversity, Cohesion and Integration Screening has been completed and is attached to the report as Appendix 1.

## **Council policy and city priorities**

4.2.2 The continuation of these contracts will ensure the continuation of the contribution to the 5 outcomes detailed in the Leeds Health and Wellbeing Strategy 2016-2021.

### **4.3 Resources and value for money**

4.3.1 As the contracts are being transferred without any variation, there will be no change to the overall value or value for money of these contracts. Funding for the services provided under the contracts is contained the existing Adults and Health budget.

### **4.4 Legal implications, access to information and call-in**

4.4.1 The decision highlighted in this report will be taken by the Director of Adults and Health in line with the officer delegation scheme as detailed in Part 3 of the Council's Constitution.

4.4.2 This is a Significant Operational Decision, therefore it is not subject to call in.

### **4.5 Risk management**

4.5.1 As stated, the new company will continue to trade as Allied Healthcare with the existing complement of staff therefore, in order to avoid any severe disruption to services and service users, a novation of the contract is necessary. Adults and Health contract officers will ensure that close monitoring of the contracts is undertaken over the next six months to ensure that services operate as intended.

4.5.2 As Allied Health Services is a new company, in order to mitigate the risk of financial failure, a parent company guarantee will be requested from the holding company HCRG.

## **5 Conclusions**

5.1 In order to ensure the continuation of the current contracts it is necessary to formally novate these contracts from Nestor Primecare Services Ltd to Allied Health Services Ltd. As there has been no change of the care services being delivered to service users, a novation of the contracts will ensure there is no disruption to the service for the service users.

## **6 Recommendations**

6.1 The Director of Adults and Health is recommended to approve the novation and completion of a Parent Company Guarantee to formally transfer the contracts for Community Based Respite Care dated 1st December 2014 and the Community Home Care Services dated 1st June 2016 from Nestor Primecare Services Ltd who traded as Allied Healthcare to Allied Health Services Ltd who will also trade as Allied Healthcare.

6.2 That the Director of Adults and Health notes that commissioning officers from Adults and Health together with officers from Procurement and Commercial

Services will formally complete the signing of the novation agreement and parent company guarantee immediately once the decision has been made.

## **7 Background documents**

7.1 None.