



CABINET

20 JANUARY 2016

Subject Heading:

**Service Review of the Havering
Community Meals Service**

Cabinet Member:

Wendy Brice-Thompson: Lead Member for Adults & Health; Meg Davis: Lead Member for Children & Learning

CMT Lead:

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Policy context:

The recommendations have implications throughout the Borough

Financial summary:

A cost implication of £182,736 has been estimated to implement the recommendation in this report against a loss of £116,143 forecast in 2015/16. The loss rises each year to £209,905 in 2018/19 should these recommendations not be implemented.

Is this a Key Decision?

No

The decision effects two or more Wards but not significantly

When should this matter be reviewed?

January 2016

Reviewing OSC:

Children & Learning

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for

People will be safe, in their homes and in the community

Residents will be proud to live in Havering

SUMMARY

Havering Catering Services (HCS) operate an in-house community meals service to 297 residents in Havering and 86 in Barking and Dagenham. This is a very traditionally 'meals-on-wheels' service based on provision only and is unable to provide a personalised service to its clients. In many ways it could be seen as not fit for purpose and not meeting the requirements as set out in the Care Act of 2015.

The service has seen a 9% per year decline in service users and hence made increasing financial losses since 2012-13 which have been subsidised by the Council. This decline in Havering reflects national trends and over half of the London Boroughs have already closed their Meals on Wheels, with a significant proportion of the remaining London authorities currently planning to/undertaking a review of their service, and instead signpost residents to a range of local meal providers offering a choice of frozen, chilled or hot meals.

As part of the Council's cost reduction exercise, the service has an MTFS target of £100k to be achieved in 2015/16. This has prompted the need to undertake a full review of the service which has included the following activities:

- A consultation exercise to gather feedback on the service from current community meals customers.
- A briefing meeting and other communications with staff and trade unions to seek input and ideas for improving income and/or cost saving measures.
- A marketing impact assessment to identify and assess effectiveness of bringing on board new customers.
- An options analysis of potential future operating models for the service.

The conclusion of the review is to recommend closure of the Council's Community Meals on Wheels service and to follow the lead of other London Boroughs in adopting a signposting approach. This recommendation is made as there is a wide range of high quality suppliers available to Havering residents (including at least one hot meal provider) which are able to provide nutritious meals at a cost which is affordable to service users. Therefore, there is no reason why (with dialogue and support from Adult Social Care teams) that current service user will be disadvantaged by the proposed changes.

If the service is not closed, the Council will be required to subsidise the service to cover the additional annual losses of the service which will grow year on year as the number of users continues to decline.

This report seeks Cabinet's approval to implement the recommendations of the service review which take full account of the service user consultation outcomes.

RECOMMENDATIONS

That Cabinet:

1. **Propose**, subject to consultation with staff, to the recommendations of the service review to decommission the in-house community meals on wheels service and to implement a signposting scheme to direct users of the service to a wider choice of alternative meal provision (including an alternative hot meal delivery provider).
2. **Delegate** the power to take further decisions regarding these recommended proposals including their implementation to the Lead Member for Children & Learning, Lead Member for Adults & Health & the Deputy Chief Executive, Children, Adult & Housing.
3. **Note** that to identify and protect the most vulnerable, a full review of all service users is currently underway and arrangements shall be put in place for those who need support in accessing and preparing a meal and are eligible for support.
4. **Note** that subject to final decisions on these proposals, the Council will commence decommissioning of the service in March 2016 following a formal consultation period with staff and will conclude no later than June 2016.

REPORT DETAIL

Background

1. The community meals service is provided to customers by the Council through its in-house catering service, Havering Catering Services (HCS). The operation is essentially a franchise arrangement with Apetito, one of the UK's leading commercial meal providers to the NHS, Care Homes and Local Authorities. The service is operated by, and branded as Havering Catering Services with Havering employed staff.
2. HCS deliver a hot meal and a dessert for a fixed price of £5.25. The service can also deliver a range of frozen meals and tea time snack options to customers at different prices. Meals for customers requiring special diets or altered textured diets are also catered for through the Apetito meal range.
3. The meal service is centrally coordinated from Bradley House where the ready-made frozen meals sourced from Apetito are kept until either delivered as frozen or heated up in the special delivery vehicles for the hot food service. The food is placed in the vans to heat up approximately 40 mins before meal service. The meals are delivered daily across six separate

delivery routes each performed by a team of two drivers. This method of service delivery has created a number of issues with local residents, particularly over parking during delivery times.

4. Bradley House is not a purpose built facility and therefore is not an ideal property for the operation because it is constrained by the limitations of the building layout. In addition, its location does not help to promote the service as it gets limited foot fall and has limited parking to draw in potential customers.
5. HCS currently deliver to approx. 383 customers, 297 in Havering and 86 in Barking & Dagenham. Currently anyone over 18 can request a meal delivery and there is no assessment for eligibility to obtain a subsidised hot meal. The community meals service operates for 365 days per year with approx. 65% of customers opting to receive their meals 7 days a week with the rest choosing the number of days convenient to them.
6. The service has seen an annual decline in the number of customers and meals delivered over last four years of approximately 9% per annum. This trend reflects similar levels of decline experienced by other local authorities across England. Projecting this fall in demand over the next four years, shows that meals delivered are likely to fall from 123,064 in 2014/15 to just 75,525 p.a. in 2018/19.
7. The reasons for this decline appear to include the ready availability of high standard chilled or frozen ready-made meals from supermarkets, specialist shops and online delivery providers and more people being able to use microwave technology to heat meals in their own home. In comparison the community meals service offers a standard menu range delivered at a fixed time of day dictated by the route on which they live. It's a one size fits all approach and not personalised for users.
8. There are now very few LAs who deliver a hot meal service. More than 50% of London boroughs have gone through the process of closing their in-house community meals service, as have significant numbers of other authorities across the country, and instead signpost and support users to a range of alternative providers (see example in Appendix C). This means that individuals have access to a much wider range of meals at a range of prices to suit their budget and that are therefore available at a time and place of their choosing.
9. All other Adult Social Care service provision has moved towards a personalisation model which gives individuals more freedom of choice in how their needs are met. People with eligible care and support needs are given personal budgets and are able to spend that on services of their choosing to meet their needs, although it is important to note that personal budgets cannot be used to fund the purchase of meals (or food). With the availability of a wider range of options the traditional meals on wheels service of delivering hot meals in vans is widely considered outdated and is not fit for purpose in a modern care environment.

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10. Adult social care has undertaken comprehensive reviews of almost all of the current users of the meals service, with the programme ongoing until all individuals have been reviewed. Adult social care will work with all those individuals that have been identified as eligible for adult social care to ensure suitable alternate arrangements are made around meal provision, and anticipate that almost all those affected will be supported to set up with alternate providers. There may be some individuals who require additional home care provision, with the additional cost pressure to be absorbed by adult social care, however it is anticipated this will be minimal.
11. Currently, the community meals service is unable to purchase and deliver a hot meal for the £5.25 charged to customers. The current cost to the Council is £5.84 to deliver a hot meal and this cost is forecast to rise as the number of service users continues to decline. As a result of this differential, the service has made year on year financial losses and the Council has subsidised the service to maintain a reasonable price to customers.
12. In 2015, an MTFs savings target of £100,000 was set for the service to be achieved in 2015/16. This in effect removed the annual subsidy for meals and from this point the service is expected to operate at full cost recovery.
13. If allowed to continue in its current form, the projected financial losses for the service are forecast to rise from £116,143 in 2015/16 to £209,905 in 2018/19. These losses would also need to be subsidised by the Council which would mean not only that the MTFs saving was not achieved, but additional subsidy would need to be found.
14. In June 2015, the Corporate Management Team was asked to approve a recommendation by officers to undertake a full review of the service to see how this MTFs saving could be achieved. The recommendation was approved and with Lead Member's agreement the review commenced in September. The review consisted of the following activities:
 - A service user consultation exercise to gather feedback on the service from current community meals customers.
 - A briefing meeting and other communications with staff and trade unions to seek input and ideas for improving income and/or cost saving measures.
 - A marketing impact assessment to identify and assess effectiveness of bringing on board new customers.
 - An options analysis of potential future operating models for the service.
15. The work undertaken as set out below demonstrates that officers have investigated a range of options to reduce the subsidy and retain the current service. However it should be noted that this kind of provision is very old fashioned and does not meet the requirements of a modern adult social care service based on personal choice.

Service User Consultation

16. The service review commenced with a 12 week consultation with service users which commenced on 14th September 2015 and was concluded on the 4th December 2015. The consultation was conducted as a key part of the review to allow customers of the service to 'have their say'. This was done via a questionnaire which was posted out to all customers (supported by a web based version on the Council website).
17. A telephone helpdesk and dedicated email and postal address was also set-up during the consultation period in order to provide an avenue for customers to raise any concerns, make suggestions and/or provide other feedback. A dedicated resource was allocated to this service to ensure that all correspondence was logged and followed up with customers as required.
18. The customer questionnaire was devised by officers from the catering and corporate communications teams to explore feedback across the following topic areas:
 - Current Uptake
 - Ordering & Menu Choice
 - Delivery Service
 - Alternative Options
19. Assistance to complete the questionnaire was provided to some Havering residents who were identified by Adult Social Care. The consultation achieved an overall return rate of 74% which is considered very high for an external survey.
20. Important feedback was obtained from the survey particularly in relation to meal pricing, popularity of frozen meals and ability of service users to prepare their own meals. The relevant data from the survey has been used throughout the review to inform and support decision making and in making recommendations.

Marketing Impact Assessment (MIA).

21. Communications with staff and Trade Unions led to the suggestion that the decline in customer numbers could be attributed to the lack of marketing and advertising of the service. To investigate this, a marketing impact assessment (MIA) was undertaken to monitor all marketing activity against the number of new Clients joining the service. This was monitored over a three month period.
22. The MIA identified that the majority of the 30 new customers (80%) who joined the service during the review period came via referrals to the service i.e. from social workers and charity organisations e.g. Tapestry, and not through paid marketing channels. In conclusion, Officers are not confident that the decline in customers can be prevented through additional marketing and that paid advertising channels do not represent good value for money.

Options Analysis

23. The Options Analysis identified and reviewed five potential operating models for the service. These included:
- Do Nothing (Baseline).
 - Implement MTFs Cost Saving Measures.
 - Outsource the service to a Commercial Provider.
 - Change to a Frozen Meal Delivery Service.
 - Decommission the service and signpost to alternatives.
24. Each option, with the exception of decommissioning, was investigated and assessed against two tests as follows:
- a) **Operate at full cost recovery:** Income from meal sales covers the full operational costs of the business and the meal price is competitive with other alternative providers (benchmark price of £6.25* in 2015/16).
 - b) **Be a long term viable business model:** Service is able to operate at full cost recovery for at least five years or more.
- * Benchmark price of £6.25 taken from a current popular alternative provider's 2015/16 cost for hot main meal and dessert ordered via their home delivery service.*
25. The financial modelling of each option was undertaken on both the current selling price of £5.25 per meal and a price increase to £6.50 in 2016/17. The price increase to £6.50 was used following the outcomes of the service user consultation which identified that 78% of customers would be willing to pay a price increase and that £6.50 was competitive with the benchmark price of £6.25.
26. These two tests were applied to the most financially viable option after taking both pricing points into account.

Option 1: Do Nothing (Baseline)

Description:

27. The Local Authority would retain the current community meals service as-is without any significant changes. This is the baseline model.

Analysis:

28. The last three years customer data demonstrates an annual decline in meals delivered of approximately 9% per annum. This trend reflects similar levels of decline in other local authorities across England^{1 2}. Projecting this fall in demand over the next four years, shows that meals delivered will fall from 123,064 in 2014/15 to just 75,525 p.a. in 2018/19.
29. The community meals service operates on a largely fixed overhead (staff, vehicles and equipment) to maintain a 365 days per year service to both

¹ Wokingham Borough Council: MOW Task & Finish Group Report – Feb 2014

² London Borough of Waltham Cabinet Report 2013.

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Havering & Barking and Dagenham. Food costs are the only substantial variable i.e. fewer meals sold = fewer readymade meals purchased.

30. The financial analysis for this option (see appendix A) identified that the only way to prevent the ongoing financial losses would be to raise the price paid for each meal. The current charge for a hot meal and a dessert is £5.25 but the cost to the council to deliver the meal is £5.84. An annual cost increase would be required each year rising to £7.33 in 2018/19 in order to break even. This is not competitive with other local providers.

Conclusions:

31. The current rate of decline in customers is inevitable and the current model (even with a price increase in 2016/17) fails the first test to operate at full cost recovery. This is therefore not a viable option to the Council.

Reasons:

32. The current service is experiencing declining sales and increased costs which has resulted in the operational costs exceeding the income generated. Catering Services are not confident that sufficient new customers could be encouraged to use the service to reverse this position.
33. A significant annual price increases from the current £5.25 charge per meal would be required in order to allow the service to operate at full cost recovery. The customer consultation process identified that although 47% of respondents would be willing to pay a marginal increase of £1-2 and 30% could afford a little more. The remaining 23% stated that they would stop ordering meals.
34. Using this survey data about decline in sales and calculating the increase in costs for the service to break even, with those numbers over means that this is an unviable option.

Option 2: Identify & Implement MTFS Cost Savings

Description:

35. Retain the current community meals service but identify and implement a package of cost reduction measures in order to satisfy the MTFS savings target of at least £100,000 in 2015/16.

Analysis:

36. The current community meals service is essentially a franchise arrangement with Apetito, one of the UK's leading commercial meal providers to the NHS, Care Homes and Local Authorities. The service is operated by, and branded as Havering Catering Services.
37. The Council is committed under a five year agreement (ending in 2018) to leasing seven specialist delivery vehicles and purchasing the readymade meals direct from Apetito. Whilst this arrangements simplifies the set up and

operation of the service, it constrains the opportunity to identify potential savings within the service which are largely fixed under the agreements.

38. The Catering Management team have reviewed the current operating model and identified two target areas where potential cost savings could be identified outside of the franchise as follows:
1. Reduce staff levels and administration costs through operational efficiencies.
 2. Reduce customer service levels i.e. reduce the 365 day service.
39. By targeting these areas, officers were able to identify potential cost reduction options as follows:
1. A reduction in the number of delivery persons per vehicle from two to one.
 2. A general reduction in administration staff through process improvement and efficiencies. Both of these have been modelled against the current operating model of 7 day delivery and a potential reduction in service to 5 days.
 3. A reduction in delivery days from 7 days to 5 days per week by incorporating a frozen meal only option at weekends.
40. The above options have been financially modelled (see appendix A) to identify the potential cost savings which could be achieved as follows:

Option 2a: Seven Day Delivery

| Item | Description | Current Cost (£) | Proposed Cost (£) | Saving (£) |
|------|----------------|------------------|-------------------|----------------|
| 1 | Delivery Staff | 279,292 | 147,128 | 132,164 |
| 2 | Admin Staff | 134,876 | 134,875 | 0 |
| | Total: | 414,168 | 282,003 | 132,164 |

Table 1.0 Proposed MTFS Cost Savings – Seven Day Service

Option 2b: Five Day Delivery

| Item | Description | Current Cost (£) | Proposed Cost (£) | Saving (£) |
|------|----------------|------------------|-------------------|----------------|
| 1 | Delivery Staff | 279,292 | 86,671 | 192,621 |
| 2 | Admin Staff | 134,876 | 118,394 | 16,482 |
| | Total: | 414,168 | 205,066 | 209,103 |

Table 2.0 Proposed MTFS Cost Savings – Five Day Service

41. Option 2b delivers the most savings and turns a projected loss of £116,143 in 2015/16 to a potential profit of £74,133 in 2016/17. The customer survey indicated however that frozen meals were not a popular choice and it is anticipated that this would lead to an increase in the loss of customers, therefore returning the service to a loss making position in a few years.

42. There would also be costs associated in retaining an interim manager for the six month period to implement any see through the efficiencies in administration. Redundancy costs associated with staff reductions would also be incurred by the Council.

| Item | Description | Cost (£) |
|------|---|----------------|
| 1 | Interim Manager (6 months) | £48,000 |
| 2 | Redundancy Costs (11 Drivers / 1 Assistant) | £19,018 |
| 3 | Redundancy Costs (1 Packer) | £1,584 |
| 4 | Redundancy Costs (1 Deputy Manager) | £3,892 |
| | Total: | £72,494 |

Table 3.0 Implementation Costs

Conclusions (7 day delivery):

43. The cost saving measures identified exceed the MTFS saving target of £100,000 however fails to meet the requirement of long term viability as it generates a loss in year two. This is not considered a viable option to the Council.

Reasons:

44. The savings only have an initial impact in year 1 cancelling out the projected loss and returning a small profit. Without further cost saving measures, the continued decline in customer numbers means that the seven day service returns to a loss position in year 2.

Conclusions (5 day delivery):

45. The cost saving measures identified exceed the MTFS saving target of £100,000 and significantly reduce the costs to deliver a potential £74,133 profit in 2016/17. Although in 2016 this would be reduced by the interim manager and redundancy costs. This option means the service is able to operate at full cost recovery for a limited period, however, without further cost savings, the business returns to a loss making position by 2020/21 and therefore fails the second test of long term viability. This is not considered a viable option to the Council.

Reasons:

46. The cost-saving measures do not substantially change the model of hot meal deliveries and simply delivers the same service with less people. This doesn't serve to increase the popularity of the offering and fails to meet the requirements of personalisation therefore not providing a solution that is fit for purpose and compliant with the aims of the Care Act 2015.
47. The public consultation process identified that frozen meals are not a popular choice for customers with only 3% currently choosing the option. There is a potential risk of greater decline in customer numbers if this scheme implemented bringing forward the loss making position.

48. 73% of customers stated that they needed help to prepare a meal which may reflect the unpopularity of frozen meals which need a degree of preparation before eating. These customers (who would need to be identified and assessed) may be eligible for Adult Social Care (ASC) support and may require a weekend care package to assist in the preparation of their meal. This may create an ongoing financial burden to ASC which is not included in the Community Meals costs.
49. Whilst the cost saving measures proposed have an impact on viability in the short term, the ongoing decline in customers numbers erode the impact of the cost savings and return the service to a loss making position within a few years and demonstrates that the model is unsustainable in the long term.

Option 3: Outsourcing

Description:

50. Tender the community meals service to a commercial operator who will contract with the local authority to run the service. Some staff would be transferred to the new operator under TUPE regulations.

Analysis:

51. Informal discussions have been held with Apetito [current franchise provider] and Sodexo [large UK operator who provide a home delivery service across the region] to identify whether outsourcing would be a viable option.
52. Apetito and Sodexo have advised that it would be unlikely that they would be interested in taking on a loss making enterprise without a contracted commitment and consideration of the one off costs involved e.g. costs associated with TUPE transfers of staff. Ongoing contract management of the service would also be required.
53. It is helpful to note that Sodexo however has a strong presence in the London area providing private community meals services alongside catering operations for care homes and hospitals including Queens Hospital in Havering. They have advised they would be prepared to invest in their local operations and take up any need should a customer choose to use their service instead.
54. This would not involve any formal commitment from the Council other than signposting existing customers to their operation (along with other meal providers) and providing contacts in adult social care teams where necessary to enable welfare requirements to be met.

Conclusions:

55. Outsourcing the community meals service to a commercial operator under a formal contracted arrangement could not be achieved at nil cost to the Council and therefore does not satisfy the test of full cost recovery. This is not considered a viable option to the Council.

Reasons:

56. The current service is experiencing declining sales and increased costs which means that the service is unviable in its present form. Whilst outsourcing to a commercial provider may deliver some financial benefits in the operation (due to supply chain and efficiencies of scale), it could not be operated at nil cost to the Council if it were operated under formal Service Level Agreements.
57. Havering Catering Services are not confident that sufficient savings could be made to offset the costs involved in tendering, TUPE arrangements and ongoing contract management requirements. The ongoing decline in customer numbers would mean that any costs savings made would diminish over time and therefore could not achieve full cost recovery without significant price increases to the customer.

Option 4: Frozen Delivery Service

Description:

58. Retain the current community meals business and change to a frozen only meal delivery service and stop delivery of hot meals and teas.

Analysis:

59. The current meals provided by Apetito are delivered frozen. The frozen meals service would therefore retain the existing infrastructure at Bradley House to hold frozen food stocks but would require new frozen delivery vehicles rather than the current heated vans.
60. The proposal would be that each customer would receive a single weekly delivery of frozen meals. Deliveries could be made over a wider time period during each day (not restricted to a meal times) meaning that the six delivery rounds could be serviced by two vans and two drivers over a five day week.
61. This model would deliver a substantial reduction in the staff and longer term operational savings through a reduction in the number vans.

Conclusions:

62. The customer consultation has identified the unpopularity of frozen meals and the sharp decline in customers has a big impact on the viability of this option. There are already many existing providers of a frozen meals service in existence. This option fails the first test to operate at full cost recovery. This is therefore not a viable option to the Council.

Reasons:

63. Whilst there are significant operational savings to be made with this option, the risks surrounding the uncertainty of the size of market due to the current

lack of demand and potential for customers to migrate to alternative preferences means that income is very difficult to predict.

64. The frozen food market is also very competitive with Wiltshire Farm Foods (the sister company of Apetito) and Oak House Foods operating across the borough. Both operators have a varying price structure depending on the meal type but typically pricing for a meal varies between £2.95 and £5.50 with free delivery.³ A new Havering frozen only meal service that operated at full cost recovery, the meal price is calculated to be £7.72 in year 1 rising to £8.85 by year three.

Option 5: Service Decommissioning

Description:

65. Decommission the community meals service and signpost and support customers to alternative providers.

Analysis:

66. The Council does not have a statutory duty to fund any meals related costs, other than those costs related to the provision of support to people who meet the national eligibility criteria for adults with care and support needs under the Care Act 2014, to help them access and consume meals.
67. In order to meet this statutory duty, Adult Social Care are required to complete an assessment of care and support needs to identify individuals with this specific need and assist them to identify the right solution. This could be in the form of signposting them to a suitable hot meal provider or, in a minority of cases arranging or rearranging a package of care to support them prepare and consume a hot meal. This is what happens in the majority of other authorities.
68. Funding for this support is means tested but care budgets and personal budgets do not include any funding for the purchase of food, as people are expected to meet the costs of food for themselves.
69. As part of the service review, the Adult Social Care team have undertaken a programme to identify and prioritise Havering customers for assessment. A total of 288 customers have been identified within Havering and to date, a total of 221 have had an assessment with 167 (76%) of customers have been assessed as unable to prepare a hot meal themselves. Through the review process undertaken by adult social care, these identified vulnerable adults will be supported to make the necessary alternative arrangements, including adjustments in care packages where required. If the Community Meals service is agreed for closure, ASC will work with each eligible individual to ensure access to appropriate provision, including where necessary undertaking home visits, and following up to ensure new arrangements continue to meet individual needs. It is not anticipated any

³ Wiltshire Farm Foods Autumn/Winter Brochure 2015/16

additional care will be required for people who do not receive care for this purpose at present.

Implementation timescales and costs:

70. Decommissioning the service requires Cabinet approval. The earliest date for closure (assuming Cabinet approval achieved in Jan 2016) would be June 2016 allowing sufficient time for the staff consultation process and staff notice periods. The service would continue to be a loss making operation during this period (April – June).
71. Decommissioning of the service would result in a number of one off costs being incurred by the Council as follows:

| Item | Description | Cost to Close (£) |
|-------------|---|--------------------------|
| 1 | Staff Redundancy Costs | £64,453 |
| 2 | Early Termination of Vehicle Lease Contract | £79,058 |
| 3 | Ongoing Operational Loss (three months) | £39,225 |
| | | |
| | Total | £182,736 |

Table 6.0 Option 5 Implementation Costs

72. The financial modelling supporting the above analysis is attached in Appendix B.

Conclusions:

73. Decommissioning of the service is a viable option to the Council.

Reasons:

74. The community meals service in its current form is projected to make a loss of £146,937 in 2016/17. None of the alternative options considered provide a sustainable long term business model due to the ongoing decline in customer numbers for this type of service.
75. Signposting and supporting users to a wide choice of high quality meal providers allows individuals the complete freedom of choice in how they provide their meal provision in line with personalised care provision.
76. At least one like for like hot meal provider has been identified as a suitable alternative which maintains the option of a hot home delivered meal for those customers who require it. The supplier also provides care and welfare checks as part of the service. This mitigates many of the negative impacts identified⁴ and potential cost pressures to Adult Social Care.
77. Decommissioning would deliver both direct and indirect financial savings for the Council over the long term.

⁴ Community Meals Risk & Impact Assessment-v1.00

REASONS AND OPTIONS

Reasons for the decision:

The recommendation of the service review to close the service has been made due to the robust work undertaken. This decision is necessary to meet the MTSF cost saving objectives set by the Council which were designed to remove the meal subsidy and to make the service operate at full cost recovery from 2015/16.

The options analysis has not been able to identify a viable alternative operating model that prevents increasing annual losses which is ultimately driven by the ongoing and steady decline in users. This recommendation will also remove the need to provide in the future an increased level of subsidy. The marketing impact assessment has demonstrated that paid advertising and the ongoing activity by the team to promote the service across the borough has no significant impact on customer numbers which continue to fall year on year.

Signposting to range of alternative meal providers will provide service users with a wide range of choice which underpins the modern personalisation model for adult social care. Service users will be able to choose from a range of different meal providers to suit their budget and individual preferences. In addition to the frozen and chilled meal providers, at least one like for like hot home meal delivery service has been identified that currently operates in Havering.

There may be a cost implication to service users as a result of this decision as some of the prices charged by other providers for a hot meal and dessert are higher than £5.25 currently charged by the Council. However, this increase sits comfortably within the acceptable cost increase identified by the majority of users in the consultation survey.

This represents what is likely to be a one off opportunity for the Council to introduce a commercial hot meal provider to the mix without a formal contractual commitment. There is a risk that delaying the decision and allowing customer numbers to decline further could impact the viability of a future investment decision of a commercial hot meal provider.

Other options considered:

A number of alternative options for the service have been identified and robustly considered. All alternative options have been rejected on the grounds that they fail to meet the tests of full cost recovery and long term financial viability of the service as follows:

| Option | Description | Full Cost Recovery | Long Term Viability |
|--------|-----------------------------------|--------------------|---------------------|
| 1 | Do Nothing | Fail | Fail |
| 2a | MTSF Cost Savings (7 day service) | Fail | Fail |
| 2b | MTSF Cost Savings (5 day service) | Pass | Fail |

| | | | |
|----------|-----------------|------|------|
| 3 | Outsourced | Fail | N/A |
| 4 | Frozen Delivery | Fail | Fail |
| 5 | Decommission | N/A | N/A |
| | | | |

In conclusion, officers have been unable to identify a viable alternative option for the community meals on wheels service which fully satisfies both tests.

IMPLICATIONS AND RISKS

Financial implications and risks:

Decommissioning the community meals service would have a one off financial impact to the Council estimated to be £182,736 in 2016/17 made up as follows:

| Item | Description (Revenue) | Cost to Close (£) |
|-------------|---|--------------------------|
| 1 | Staff Redundancy Costs | £64,453 |
| 2 | Early Termination of Vehicle Lease Contract | £79,058 |
| 3 | Ongoing Operational Loss (three months) | £39,225 |
| | | |
| | Total | £182,736 |

There is potential for this to be funded either from Contingency or Transformation funding as an one off cost if agreed, alternatively, it will have be funded from existing resources.

There is potential risk of an ongoing revenue impact to Adult Social Care from service users identified for the provision of practical support to access and consume meals. Signposting and supporting users to a like for like hot meal delivery service will largely mitigate these costs which are anticipated to be minimal.

There is a risk from increased operational losses over and above those stated above if the Cabinet decision is postponed or the decision is called in and the decommissioning programme delayed.

Legal implications and risks:

The Council does not have a statutory obligation to fund the specific costs of meals because an adult is assumed to have sufficient funds whether through benefits, pensions or otherwise to fund this from their own resources. However, the Council may have a duty to fund other costs related to the provision of support to people who meet the national eligibility criteria for adults with care and support needs under the Care Act 2014, to help them access and consume meals. In determining eligibility for care and support one of the outcomes that is assessed is the ability to manage and maintain nutrition. A person will not be eligible for care and support unless their needs are such that they cannot meet two of the specified outcomes

Adult Social Care is required to complete an assessment of care and support needs for those who may need care and support to identify individuals with this specific need and assist them to identify the right solution. However, there is no duty to provide a particular type of service to meet these needs provided that the adult's needs are met either through directly provided support, signposting to other services or personal budgets. As part of the service review, the Adult Social Care team have embarked on a programme to assess and identify all service users who would need support to manage and maintain nutrition by accessing and consuming meals.

Where identified for support, Adult Social Care would signpost and support service users to a suitable alternative meal provider based on their individually assessed needs. This could be in the form of directing them to a frozen, chilled or hot meal delivery provider, and where requested arranging an additional package of care to support meal preparation.

The Council has conducted a consultation exercise with users and intends to conduct further consultation with staff. Whenever consultation is conducted this must be meaningful in that the consultees must have sufficient time and information to respond intelligently and the decision maker must then conscientiously take into consideration the responses before making any final decision. The consultation exercise appears to have been fair, and the comments must all be considered before any decisions are made.

As set out below the Council must have regard to the equality implications of the proposed decisions, including in particular by reference to the equality impact assessments which have been attached.

Human Resources implications and risks:

Implementation of the decision to decommission the community meals on wheels service would result in an HR1 process being conducted due to the potential impact of the risk of redundancy for all MoW staff in the service. The Council has an obligation under employment law to do all it can for affected staff to mitigate any job losses through seeking suitable alternative employment, for example.

The Council's Organisational Change & Redundancy Policy would be used as the HR framework for all activities and processes around formal consultation with affected staff and implementation of the decommissioning proposal, if no viable alternative options are identified during the formal consultation with affected staff and trade unions.

Some MoW staff work for both meals on wheels and oneSource Passenger Transport Services. A situation of potential redundancy from employment with the MoW service would be separate to the position of employment with oneSource Passenger Transport Services. oneSource HR & OD will work with MoW management to support affected staff.

Equalities implications and risks:

Closure of the service will have some negative impacts to protected user groups of both staff and users of the service. These have been fully documented in separate Equality Impact Assessments for both staff and service users (see Appendix B).

Actions plans have been developed to mitigate the impacts and these actions will be monitored and reviewed as part of the regular implementation review meeting which will be put in place to monitor the progress.

APPENDICES

The following appendices are attached:

Appendix A: Options Analysis Cost Modelling

Appendix B: Equality Impact Assessments (Staff & Service Users)

Appendix C: Example Signposting Leaflet

BACKGROUND PAPERS

1. Community Meals Consultation Report v1.00 – December 2015
2. Community Meals Marketing Impact Assessment v1.00 – December 2015
3. Community Meals Options Analysis v1.00 – December 2015
4. Community Meals Risk & Impact Assessment v1.00 – December 2015