

17/8/17 + appendix
DECISION
NOW MADE



Notice of KEY Executive Decision

Subject Heading:	Award of contract for the provision of care and support services in Extra Care Schemes
Cabinet Member:	Cllr: Wendy Brice-Thompson Cabinet Member for Adult Social Services & Health.
SLT Lead:	Barbara Nicholls, Director of Adult Social Care
Report Author and contact details:	Daren Mulley, Senior Commissioning Manager, Joint Commissioning Unit, Mercury House, 6 th Floor, Romford. T: 433982 E: daren.mulley@havering.gov.uk
Policy context:	In 2010 Havering Council published its ten years Extra Care Housing Strategy (2011-2021). In this strategy, the Council recognised that a significant number of older people will wish to remain living independently at home. As a result, the strategy outlined the Council's commitment to maximise uptake of extra care housing and other services such as Sheltered Housing, Home Care and aids and adaptations. At the same time, the Council recognised the future likely demand for extra care housing will be led by two key factors: firstly, the number of older people who are likely to require social care services and supported housing over the next 10-15 years, and secondly, the development of aspirations and attitudes of the next generation of older people.

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Financial summary:	This decision will award a three year contract with the option to extend a further two years subject to satisfactory performance and agreement with the Provider. The value of the three year contract is an estimated £3,801,114. Value is an estimate as the contract is subject to variable demand in care. For a five year contract, the value will be an estimated £6.4m.
Reason decision is Key	This is a key decision as it is recommending expenditure of £500,000 or more
Date notice given of intended decision:	8 th November 2017
Relevant OSC:	Adult Social Care OSC
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

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

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This paper is seeking a decision to approve the award of a three plus two year contract to Bidder A for the provision of care and support services in the Extra Care Schemes.

AUTHORITY UNDER WHICH DECISION IS MADE

Authority delegated to individual Cabinet member under which this key decision is made. Individual Cabinet members' responsibilities for functions as set out in Part 3, section 2.5 (h) of the Constitution to award contracts of a value above £5,000,000 and up to £10,000,000.

STATEMENT OF THE REASONS FOR THE DECISION

1. Background

Havering Council, through its Housing Strategy, is committed to supporting older people to make choices through the availability of trustworthy options and continues to develop a range of services that seek to prevent dependency, encourage independence and promote an active lifestyle in later life, to enable greater numbers of individuals to remain as independent as possible within their own homes.

Extra Care housing is one of the range of options for people aged 55 and over who require some care and support but wish to retain the independence of living in their own home, rather than having to move into a care home setting. Extra care housing can provide a more intensive level of support than standard sheltered housing, normally with a 24 hour care team on site. Extra care housing may suit people who need a significant level of personal care or support, as well as those with relatively low support needs, but who are otherwise able, and wish, to live independently on their own.

An Extra Care housing scheme is a group of flats built on the same site, providing specialised accommodation with care and support services on hand 24 hours a day. The borough's three extra care schemes are as follows;

- 1) Paines Brook Court (Harold Wood)
- 2) St Ethelburga Court (Harold Wood)
- 3) Dreywood Court (Gidea Park)

Extra care can offer a number of benefits to residents including improving health and wellbeing, quality of life and allowing the continued involvement of family carers. In addition, there are a number of other key benefits that distinguish extra care housing from residential care settings:

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- a) Extra Care can offer cost savings to local authorities as households maintain independence that reduces or prevents the need for residential care.
- b) People live in their own self-contained homes, which they have legal rights to occupy and which are underpinned by housing law.
- c) It is self-contained accommodation - one or two bedrooms
- d) Couples are able to stay together
- e) Residents come and go as they choose, in the same way as they would if living in the community
- f) The provision of care and support is separated from the provision of accommodation
- g) Care and support is based on an individual assessment of needs and can be more easily tailored to the individual and the on-site staff are empowered to be flexible in their delivery of care and support.

2. Review of Care & Support Services in the Extra Care Schemes

With a combined annual value of £1.35m and with the three contracts for the care services ending in March 2018, a review was conducted to inform the Council's future plans for the commissioning of care in the Extra Care Schemes. The review brought together a range of information about the commissioned support services in order to assess and evaluate the current service model and whether it is providing good value for money to the Council. The review analysed the current schemes, the views of key stakeholders, current activity and performance of the services and concluded with an appraisal of the current block contract against a number of alternative service models.

A series of key recommendations were presented and accepted by the Project Board (see Section 3 for further information regarding the Board) including the proposal that the Council commissions a single contract for the three Schemes and replace the current block contract with a 'Core and Flexible' model for a new service with an emphasis on providing well-being support to service users (as defined by the Care Act 2014). The review highlighted that there are a number of benefits to adopting this new service model;

- a) A single contracted provider delivering both the core and flexible parts of the model would give an assurance and security of income and is therefore likely to prove appealing to providers in the market.
- b) A single provider would avoid the risk of schemes having no continuity of carers as a mix of providers would not be contracted to provide the care across all three Schemes.
- c) This approach has the most potential for achieving cost efficiencies as the provider will have scope to innovate and share resources across the three Schemes (e.g. posts working across the three schemes).
- d) In terms of the 'flexi' element of the service, the Council is charged for the care that's delivered. Though costs may rise, they are also likely to fluctuate and decrease according to the changing needs of service users.
- e) As a result of adopting a single contract approach, this will standardise the hourly rate across all three schemes.
- f) This approach would make contract management and quality monitoring much easier and less resource intensive.
- g) The new contract would have a focus on 'well-being' which will replace current

housing related support and align the Council's service with the requirements of the Care Act 2014.

3. Project Management of the Tender

Ahead of the formal approval to tender, a project initiation document had been written and approved which outlined the structure and governance of this project to tender the care and support services. The objectives of the project were:

- a) Ensuring that the service is commissioned to meet the Council priorities of the Council and offer the best value for money
- b) Ensure the tender follows Corporate and EU Procurement Regulations and Local Authority Financial Regulations
- c) Ensure that the principles of extra care underpin the delivery of all interventions in order to improve the health and well-being of service users
- d) Ensuring that choice, control, health and well-being, including safeguarding, features as high priorities in the tender.
- e) Establishing outcomes that will allow the Council to judge the performance of the Provider
- f) Ensure the Provider delivers a non-judgemental and inclusive service which treats service users with dignity, respecting gender, sexual orientation, age, physical or mental health ability, religion, culture, social background and lifestyle choice.

In order to deliver these objectives, a formal project management structure was implemented including a Project Board which met regularly once a month to supervise the project. Project Board members include representatives from Adult Social Care, Housing, Procurement, Finance & Legal. Project Board's business included managing the project through its Project Plan, Action and Risk Logs. In summary, the scope of the Project Board included the following key tasks:

- a) Developing the new service model
- b) Review of existing documents
- c) Production of new documents
- d) Managing the tender process
- e) Evaluating bids
- f) Awarding the contract
- g) Preparing for the start of the new Contract

The key deliverables / milestones for this project included:

- Production of all required tender and contract documents (including service specification)
- Tender process managed in line with OJEU and Council procurement procedures
- Contract awarded to the tenderer submitting the best / most advantageous bid to the Council
- New contract awarded and mobilised

4. Procurement

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This procurement was subject to and adhered to the Council's Contract Procedure Rules (CPRs). The procurement followed a formal tender process in line with the EU procurement open process in accordance with the Public Contracts Regulations 2015, which require compliance with principles of non-discrimination, equal treatment and transparency. Following these regulations, the Council published the required Contract Notice (2017/S 196-402929) on 10th October 2017. The current provider and providers that contacted us in response to a Prior Information Notice in July 2017 were informed of the opportunity. Suppliers were invited using CapitalESourcing, the Council's E-Procurement system.

In total, four contractors completed and submitted their tender documents by the closing date of 13th November 2017. All evaluations focused on examining how the proposals will deliver a quality service (technical) and the cost of the service (commercial). Cost was evaluated at 20% of the total score. Suppliers submitted a cost for the service that was within the parameters set by the Council with scores weighted in favour of the lowest price. The quality factors were weighted according to their importance with 80% percent of the total score assigned to quality.

With regards to the outcome of the evaluation, the Project Board members evaluated the bids over a three week period between 14th November 2017 and 1st December 2017. As part of the evaluation, the Project Board also met to consider scores and the quality of the submissions. In summary, the scores of the bids tendering are presented in the table below;

Bidder	Technical Score	Commercial Score	Total Score
A	80.12	28.398	69.776
B	61.63	28.717	55.047
C	26.078	100	40.862
D	23.745	100	38.996

As can be seen from the above table, bidders C and D's submissions were low on cost, but also low on quality. Their bids (which had omitted major sections of the pricing schedule) appear to make bids A and B expensive. However, bids A and B are within budget. As a result, the Project Board recommend the award of contract to Bidder A as this is the most economically advantageous bid for this contract.

This contract will be funded through existing budgets within Adult Social Care. The winning bidder submitted a price of £3.801m for three years of the contract based on the Councils' estimated demand in care hours. Given the current block contracts have a combined valued of £4.071m, this represents an estimated saving of £0.270m to the Council. As a result of this projected saving, the Joint Commissioning Unit is in a position to absorb the cost pressure of the extended support flats at Paines Brook Court thus ensuring that the Council maintains its commitment to short-term provision for clients with complex needs. The cost of rent for this provision is an estimated £0.040m p.a. and will therefore lead to a reduction in the estimated saving to £0.150m over the 3 year term.

All suppliers who submitted bids will be informed of the Council's decision following the approval of this decision paper and following the ten day standstill period as

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required by EU Regulations and the Council's CPRs. In addition, this tender passed the Checkpoint Two contract award stage and was formally approved on Tuesday 12th December. Meanwhile, arrangements will be put in place with Bidder A to sign the contract and submit a structured and comprehensive plan to the Council in January 2018 for the mobilisation of the service that commences on 1st April 2018.

OTHER OPTIONS CONSIDERED AND REJECTED

1. Extend existing contracts; Contracts have already been extended and so this approach would contravene the Council's Contracts Procedure Rules.

2. Do nothing: Allowing the existing contracts to lapse would lead to a potential destabilisation of the current service. The only feasible alternative would be to procure care packages on an individual, spot purchase basis. This is not a practical option and would lead to an increased administrative burden on the Procurement/Brokerage team, loss of the security of having an onsite care team, and a potential decrease in quality and value for money.

PRE-DECISION CONSULTATION

The pre-decision consultation has involved engaging with a number of stakeholders throughout the course of this tender. In summary, the following table presents the type, methods and stakeholders engaged in the pre-decision consultation;

Type	Methods	Consultees
Commissioning Review	Desktop Research, Phone, Email, Structured and Unstructured Individual & Groups Interviews	<ul style="list-style-type: none">• Current Care Providers• Housing Scheme Providers• Residents & Service Users in each Scheme• Joint Commissioning Unit• Adult Social Care• Housing Services• Community Safety• Legal Services• Procurement• Finance
Project Board	Formal regular meetings phone, email	<ul style="list-style-type: none">• Joint Commissioning Unit• Adult Social Care• Housing Services• Community Safety• Legal Services• Procurement• Finance
Prior Information	Notice published via the	<ul style="list-style-type: none">• Current Care provider

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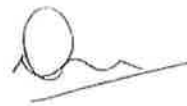
Notice	Council's procurement system	<ul style="list-style-type: none">• Other interested providers in the market
Preparing service specification, procurement and contract documents	Formal regular meetings phone, email	<ul style="list-style-type: none">• Joint Commissioning Unit• Adult Social Care• Housing Services• Legal Services• Procurement• Finance• Service Users (to formulate method statements and participate in their evaluation)

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Daren Mulley

Designation: Joint Commissioning Unit

Signature:



Date: 12th December 2017

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. This report seeks approval to award a three contract, with the option of a two year extension, for the provision of care and support services in the Council's Extra Care Housing Schemes.
2. S1 Care Act 2014 provides that the general duty of a local authority, in exercising a function under Part 1 of the Act, in the case of an individual, is to promote that individual's well-being.
3. S8 of the 2014 Act details how to meet an individual's needs. This may include accommodation in a care home or in premises of some other type and care and support at home or in the community. It may also involve arranging for a person other than the local authority to provide a service; by the local authority providing a service and by making direct payments.
4. The contract is a public contract within the meaning of the Public Contract Regulations 2015. As the value exceeds the relevant threshold, the procurement had to be carried out in compliance with EU procurement legislation.
5. The Council's Contract Procedure Rules require that contract award reports are presented and approved via Checkpoint Stage 2 to consider the results of a tender exercise prior to an award being made. The tender accepted shall be the one which represents the most economically advantageous tender for the Council overall, taking account of whole-life cost, quality of service, risk to the Council and other benefits, where relevant. The report confirms that this process has been followed and approval for award of the contract has been given.
6. Contracts with a value of more than £5,000,000 and up to £10,000,000 must be reported to an individual Cabinet Member for approval and award, which is the purpose of this report.
7. Contracts valued over £150,000 must be executed as a deed and sealed. The contract referred to in this report should accordingly be sent to Legal Services for review and sealing.

FINANCIAL IMPLICATIONS AND RISKS

The contract value over the 3 year term, if awarded as recommended, will cost the authority approximately £3.801m, with anticipated savings of £0.270m over the term. The illustration below highlights the profile of both the spend and savings based on existing client needs:

Extra-care Scheme	3 Year Totals			
	Base Budget	Tendered Value (award)	Total Contract	(Savings) / Shortfall

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	@ 2017/18 £m	Core £m	Flexi £m	Value £m	£m
Ethleburga	0.622	0.142	0.463	0.605	(0.017)
Dreywood	2.136	0.392	1.509	1.901	(0.235)
Painesbrook	1.313	0.216	1.079	1.295	(0.018)
Total	4.071	0.750	3.051	3.801	(0.270)

The contract will be funded from existing service budgets of £1.357m per annum. However, the savings profile, assuming annual budgets are not subject to automatic inflationary uplift, means the greatest saving of £0.108m will occur in the 1st year, with ensuing year savings at ££0.90m and £0.071m respectively as illustrated below:

Year	Savings £m	Rent @ Paines Brooke £m	Revised Estimated Savings £m
1	0.108	0.040	0.068
2	0.090	0.040	0.050
3	0.071	0.040	0.031
	0.270	0.120	0.150

However, the Commissioners are proposing to use some of the savings to fund an ongoing commitment to set aside some of the accommodation for emergency use, with the accompanying premises costs (rent, utilities and service charges) payable by Adult Social Care, which is expected to cost £0.040m per annum. This will reduce the overall savings from the procurement to £0.150m over the 3 years, with the maximum annual value at £0.068m in year 1. Although the authority tries to provide an annual uplift to service contracts budgets (covering inflation and other obligations), this is not guaranteed and the risk with offering up the full £0.068m in savings is that future obligations under the contract may be underfunded. It is recommended that an annual request for specific uplift should be made as part of the annual budget development exercise to cover obligations.

Further opportunities to manage the cost of and demand for the provision will be explored on an ongoing basis, especially as an element of re-enablement will also be provided to users. The schemes operate on a mixed needs basis and incorporate varying levels of both social care and non-social care users. However, the expectation is that only those assessed as having eligible social care needs will be supported by the provider. In addition, the implementation of new initiatives around self-help, assistive technology and other commissioned prevention service should further help manage demand from those with unmet needs.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect the Council's workforce. However, the Council

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currently procures these services through various providers and if the new contract is award to a single provider then TUPE may apply. This should have been covered in the Tender documents.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

An EIA has been completed and has found that re-tendering the service will have no negative impact on the nine protected characteristics as set out in the Equality Act. The action undertaken in respect of the new contract will include monitoring how the service meets the needs of all eligible users, including those from ethnic minority communities and the disabled. We will also ensure that potential providers have undertaken equality training and adhere to the Council's Fair to All Policy or the own equivalent.

BACKGROUND PAPERS

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

~~Proposal NOT agreed because~~

Details of decision maker

Signed



Name: Councillor Wendy Brice-Thompson

Cabinet Portfolio held: Cabinet Member for Adult Social Services & Health.

Date: 21/12/2017

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Committee Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 21/12/2017.

Signed

