18/17 + appendix DECISION TO BE MADE

Havering
LONDON BOROUGH

Notice of KEY Executive Decision

Subject Heading:	1. Extension of the current contract for 12 months from April 2018 2. Approval to increase funding for the reablement service
Cabinet Member:	Councillor Wendy Brice-Thompson, Cabinet member for Adult Services and Health
SLT Lead:	Barbara Nicholls, Director for Adult Services and Health
Report Author and contact details:	Laura Osborn Commissioning Programme Manager, laura.osborn@havering.gov.uk
Policy context:	Supports priorities in the Joint Health & Wellbeing Strategy: • Better integrated support for people most at risk • Quality of services and patient experience
Financial summary:	The Havering Integrated Reablement service will be extended for a period of 12 months at a cost of £1.8m. Funding will be offset by savings and cost efficiencies.
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:	1st December 2017

Key Executive Decision

Relevant OSC:	Individuals
Is it an urgent decision?	N/A
Is this decision exempt from being called-in?	No

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

Communities making Havering []
Places making Havering []
Opportunities making Havering []
Connections making Havering [x]

Key Executive Decision

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For an extension with a value between the EU threshold for Supplies and Services and £5,000,000, a member of the SLT is required to approve:

- The extension of the Integrated Reablement contract for one year beyond its current scheduled end in April 2018.
- Increased annual funding of the extended 2018/19 contract by £306k, to £1.8m

AUTHORITY UNDER WHICH DECISION IS MADE

Constitution Part 3 contract powers 3.3 (b) Members of the SLT have delegated authority To award all contracts with a total contract value of between £500,000 and £5million, other than contracts covered by Contract Procedure Rule 16.3.

STATEMENT OF THE REASONS FOR THE DECISION

This decision is necessary to enable the extension of the current Integrated Reablement contract held with the North East London Foundation Trust (NELFT) which commenced in 2017 following a competitive procurement process. The contract was awarded for 12 months to allow for the integration of reablement and rehabilitation contracts, one being commissioned through Havering Council and the other through the Clinical Commissioning Group (CCG). As this has proceeded there have been developing discussions to allow Havering to explore a design for the wider intermediate care service across BHR as a key service pathway in the Accountable Care System (ACS). This has meant that the original intention of commissioning the rehabilitation and reablement contracts for Havering as a single entity has been postponed in favour of exploring the ACS model which, if attained, might deliver greater benefits for the population as a whole.

- **Background**

Throughout 2016 the London Borough of Havering (LBH) worked in partnership with Havering Clinical Commissioning Group (CCG) and other key stakeholders, including North East London Foundation Trust (NELFT) and the previous provider of reablement services, Family Mosaic (FM), to design a new integrated Reablement and Rehabilitation service. The re-design removed duplication and encouraged a joined up approach, enhancing the effectiveness of the service.

Following an extensive design period the Council placed a call for competition via a Prior Information notice (PIN) in the Official Journal of the European Union (OJEU) to make known the intention to recommission reablement as an integrated service with rehabilitation.

Out of the 6 providers that expressed interest in the contract only 2 providers submitted a bid).

The evaluation panel recommended contract award to NELFT with a mobilisation date of 18th April 2017. Under the Delegated Authority authorised to the Director of Adult Services at Cabinet on 14th December 2016, the contract award was approved on 22nd February 2017.

- **Intermediate Care Tier Plan**

At the point the contract was procured there were plans across BHR to develop a common design across health and social care for a single tier intermediate care service. It was initially thought that this would be achieved by a joint commissioning exercise across BHR (LAs and CCGs) resulting in a single contract and specification for an intermediate care service. This approach would have required BHR CCGs to give notice on the intermediate care services currently commissioned as part of the community services contract including the Intensive Rehab Service, Community Treatment Team (CTT) and the Inpatient Rehab beds.

In the 6 months following the contract commencing, plans for an Accountable Care System (ACS) have taken shape. The principle of an ACS model is one where commissioners provide a set of outcomes for the provider collective to deliver against; there is less detailed specification of service by the commissioner and this will enable the providers to build a service that is freer to be flexible and adaptive to changing conditions. The broader intention is to shift demand from the hospital into the community, increasing independence of people in the community and consequently reducing costs.

Due to this emerging ACS model it has been decided, through the Integrated Care Partnership, that the most appropriate delivery mechanism for an integrated intermediate care tier is as a pathway specific accountable care model. It is proposed that this is piloted from April 2018 in shadow form to enable a full development period with the ACS contract going live in April 2019.

With such an innovative model it is not possible to guarantee the timeline. It depends on decisions from disparate organisations and on several service design, legal and procurement issues. It is necessary therefore for the council, whilst playing its part in the development of a jointly commissioned Intermediate Care Pathway, to ensure that there is a contingency in place that ensures, regardless of the success of the ACS development, that services will be in place after this contract extension. It will be known by June 2018, at the latest, whether the ACS model is achievable or there needs to be a more local approach to integration and what tendering exercise will need to be undertaken.

There is, therefore, a significant amount of work required to ensure the key providers (BHRT & NELFT) are able to respond to an ACS type model. A set of outcomes will need to be developed across the commissioners and a budget for service delivery agreed.

Timeline

Key Executive Decision

Action	Timescale
Outcome development	Dec 2017
Shadow Service budget agreed	Dec 2017
Provider response – proposed delivery	Feb 2018
Service development	March-April 2018
Go live – shadow form	April 2018
Service delivery under shadow arrangements	April 2018- March 2019
ACS contract commences	April 2019

- **Service development**

The current reablement service was specified to deliver an integrated model of care with the rehabilitation service also provided by NELFT (but separately commissioned through the CCG) ensuring the delivery of care is coordinated as much as possible without commissioning the services as a single entity. In addition to the integration with rehab there were some other key changes to the service that were developed as part of the system wide design process. They included:

- Direct referral to the service from hospital therapists, eliminating duplication of assessment inherent in the previous process
- Contractual requirement to complete a reablement assessment at the service users home within 24 hours.
- A requirement to continually review progress against goals and a more in depth review at approx. 4 weeks to determine if further care is required post reablement.

The efficiencies delivered for the wider system as a result of these changes included:

- Reduction in the number of assessments carried out by the hospital based Joint Assessment and Discharge team (JAD) by approximately 110 per month. The change in process also supported same day discharge where appropriate, frequently reducing hospital stays by 2 days.
- Alignment with the 'HomeFirst' model supporting a reduced level of assessment in an acute setting ensuring no decisions about long term care are made whilst the person is in an acute setting.
- The previous process required the Preventative and Assessment Team (PAT) to carry out reviews for all reablement service users, the change in process has resulted in a reduction in PAT reablement reviews of approx. 65%

These process and service design changes have also had an impact on outcomes and, whilst we are only able to report on the first two quarters of the year, signs are promising in regard to the benefits coming from the new service. They include:

Increased Capacity and Reduction of Emergency Reablement

- NELFT have accepted significantly more referrals April –January 2018 than Family Mosaic (FM) did over the same period (37% increase over the 6

months)[1]

- Because FM were taking so many fewer referrals alternative 'emergency reablement' capacity had to be developed.
- The number of episodes, and associated cost, of emergency reablement has declined significantly because of NELFT taking so many more cases[2]
- However the need for emergency reablement continues because the demand levels continue to exceed the capacity of the commissioned service and, if increased funding is not secured, will return to previous levels of demand
- With the additional funding, capacity will be increased.
- If there were a need to continue or increase emergency reablement at average levels of demand, since the start of the NELFT contract, this could see additional costs averaging £20k per month and at least £6k per month. A minimum cost of £72k would be incurred. The spend on emergency reablement Dec-March 2016/17 was £151,369
- With the input of increased resource to already improved levels of performance the need for emergency reablement will diminish. The amount to set aside for 17/18 would decline to £36k, delivering a saving of at least £36k against the minimum cost of emergency reablement expected without the input of increased resource.

Impact of improved hospital to home process and reablement – Home care

The purpose of reablement is to enable people to be independent after the period of support. For the period from April to September 2017, compared to the same period. In 2016, the percentage of people going through reablement and requiring no further care has risen from approximately 50% to 75%[3]. This is an estimated annual cost differential of £376,000[4]. This will be monitored over the rest of the year and over the extended period of the contract.

Impact of improved hospital to home process and reablement – Residential care

As stated above the new service achieves 'alignment with the 'HomeFirst' model supporting a reduced level of assessment in an acute setting, ensuring no decisions about long term care are made whilst the person is in an acute setting'. This includes decisions about residential care. There has been a significant impact on the number of discharges into residential care that has coincided with the adoption of the new process:

- During the first 6 months of 16/17 83 people were admitted from a hospital setting.
- For the first 6 months of 17/18 36 people have been admitted from a hospital setting.

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[1] See Table 1 in Appendix 1
[2] For detail, workings and logic behind this figure see Appendix 1, Table 2 plus rationale
[3] See Table 3 in Appendix 1
[4] For detail, workings and logic behind this figure see Appendix 1, Table 3 plus rationale

The Statistical Process Control (SPC) chart[5] of the monthly residential care data demonstrates that the drop in residential admissions is not down to random variation and can in fact be attributed to the change in the system.

The estimated annual financial saving, based on knowledge of all factors in the system, is £179k[6].

Estimated benefits:

Across the 3 areas of reduced emergency reablement; impact on homecare; and impact on residential care the estimated benefits total:

Estimated reduction in Emergency Reablement:	£ 36k
Estimated Impact on homecare:	£376k
Estimated Impact on residential care:	£179k
Total Estimated Impact:	£591k

Costs to NELFT

The increased outputs and shift of resources that have resulted in the improved outcomes and cost efficiencies indicated above have not been cost neutral.

To manage the additional demand NELFT have used agency staff where possible to cover the shifts. NELFT have been able and willing to cover the cost of this for a short period of time however the approach is not sustainable and there is a desire to reduce the number of agency staff to support the drive for quality.

The LBH joint commissioning unit team have worked closely with NELFT to model the number of staff required to deliver the additional elements of the service (24 hour assessments and end of service reviews) At the point of commissioning the service the level and number of staff required to deliver the additional requirement was unknown because the previous service did not meet demand levels and operated from a different process model.

The modelling now indicates that a minimum of 3 additional care coordinators will be required to ensure all service users receive their initial assessment within 24 hours and their review at approx. 4 weeks and an additional 2 support workers to deliver the support throughout the reablement period.

In addition there has been an additional requirement for a senior manager to take over the management of the service for a number of reasons, including the consequences of the changes implemented and to ensure safety and quality is maintained. It has

[5] See Table 4 in Appendix 1
[6] For detail, workings and logic behind this figure see Appendix 1, Table 5 plus rationale

been proposed that a partnership approach is taken and this post is jointly funded for the extended contract period. The tables below illustrate the resources required and their costs.

Job Title	NHS Banding	Salary including shift & weekend allowances	On-cost Factor	On costs	Total	No of posts	% of post to be funded	Costs
Reablement Support Worker	Band 2 (18,957)	39,942	11%	4,394	44,336	3	100%	133008
Care Coordinator	Band 4 (mid point 24,816)	41,483	11%	4,563	46,046	3	100%	138138
Manager	Band 8	62,500	11%	6,875	69,375	1	50%	34688
							Total	305834

Total amount required to cover additional staffing is **£305,834** for a full year.

Impact on projected expenditure in Adults Social Care

The estimates above are based upon information gathered from the apparent impact of reablement on numbers of people requiring Adults Social care, converted to financial benefits. However to validate this information there should be some commensurate impact on actual and projected expenditure in 2017/18.

Whilst there are many factors at play and there can be significant complexity in the projections there are signs that the expected impact is showing in expenditure[7].

- Residential care projections are significantly lower than expected
- Nursing care is a little higher but demand is growing in this area
- Homecare is projected to reduce (bear in mind that keeping people out of residential care has a knock on impact on homecare and the reductions in homecare should also recognise the inevitable increase in demand from keeping people out of residential.)

None of these projections allow for demographic growth and are therefore conservative in estimating the benefits being accrued.

Overall, across the three areas of expenditure identified above that reablement impacts, the annual expenditure is estimated to reduce by £922,221[8]. As with all attempts to understand cause and effect in such complex relationships, there is the possibility that other factors are contributing to change. Ongoing monitoring of impact and deep dives into what is happening within the system will be carried out by the Joint Commissioning Unit over the coming year.

[7] For detail, workings and logic behind this figure see Appendix 1, Table 6 plus rationale
[8] This is a conservative estimate across all 3 areas of impact

Key Executive Decision

Recommendations

- The current contract with NELFT is extended for a further 12 months from April 2018
- The contract value is increased to £1.8m. for the extended contract period

OTHER OPTIONS CONSIDERED AND REJECTED

Options considered:

1. **Do Nothing**

This was not deemed as a viable option as the current contract expires on April 17th 2018 and doing nothing would result in LBH not having a Reablement contract in place and therefore not meeting the Care Act statutory requirement to "provide or arrange services, resources or facilities that maximise independence for those already with such needs, for example, interventions such as rehabilitation/reablement."

2. **Undertake a procurement exercise to independently re commission the reablement service for 3-5 years**

This option was considered but was not deemed viable due to:

- Previous market testing demonstrated little market interest in the reablement service and it is not guaranteed there would be adequate response to successfully re commission the service.
- A potential change in provider will put the integration developed between the reablement and rehabilitation services at risk.
- There has not been sufficient time to gather enough learning about the current processes and integration to be able to successfully specify a 3-5 year contract to go out to the market at this time.
- LBH would not be in a position to fully engage in the intermediate care pathway development for the ACS due to the contractual position of the key intermediate care service.
- The increasing benefits from the current contract would be lost in a change of provider at this point

3. **Undertake a procurement exercise to independently re commission the reablement service for a period of 12 months which would allow contractual timescales to align with the NELFT contract. A joint recommissioning of the intermediate care services could then take place**

- Previous market testing demonstrated little market interest in the reablement service and it is not guaranteed there would be adequate response to successfully re commission the service.
- There would be a staffing risk associated with the TUPE of staff so soon after the previous TUPE. This could result in a decline in service delivery and it is likely the new provider would experience issues with recruitment.
- BHR CCGS have stated their preference for the integration of intermediate

care services is by developing an intermediate care pathway as part of the emerging ACS model. They therefore do not support the joint commissioning of the intermediate care services outside of the ACS model.

4. **Extend the current contract with NELFT without any additional funding**
   - NELFT have confirmed they would be unable to continue providing the service as it is currently specified within the agreed financial envelope of £1.51m.
   - If the contract value remained the same there would need to be several changes in the process to revert back to previous ways of working putting additional pressures on LBH staff both in the acute hospitals and in the community.
   - The service would no longer be able to support the Home First model of discharge

PRE-DECISION CONSULTATION

The following stakeholders have been consulted regarding this decision:

NELFT
BHRUT
Preventative and Assessment Team
Community Service Integration/Localities Programme Board
CCG
BHRUT

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

Name: John Green

Designation: Head of Joint Commissioning

Signature: Date: 07/02/18

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1(a) This report seeks A 12 month extension of the contract with North East London Foundation Trust for the provision of public health services from April 2018.
1(b) Approval for additional funding of £306k for the reablement service.

2. The Care Act 2014 requires that Local Authorities exercise their functions to ensure the integration of health care and support provision to promote the well being of adults in the its area and prevent or delay the need for care and support.

3. This contract falls under the Light Touch Regime of the Public Contracts Regulations 2015, and is for social and other specific services and is above threshold.

4.The current contract states that it will expire automatically on 17th April 2018 (the Expiry Date), unless it is extended or terminated earlier. The contract is silent on how to further extend, however there is variation clause allowing the parties to vary by a Variation Notice in writing.

5.The Council's Contract Procedure Rules allow for extensions of contracts as specified. Rule 19.1 permits authorised officer to approve variations or modifications of contracts in specific circumstances. This includes where modifications have been provided for in the initial documentation.

6. Rule 19.1 states that *subject to the authority given under the Council's Scheme of Delegation and CPR's 2 and 4, an officer who has responsibility for the day to day management and performance of and awarded contract may (subject to having the authority to do so) approve a variation or modification by way of additional works, services or supplies by the original contractor that have become necessary and were not included in the original procurement provided that one of the following applies:*

1. The modifications have been provided for in the initial procurement documentation

8.Rule 19.9 states that an extension with a value between EU Threshold for Supplies and Services and £5million approval of a member of SLT is required, which is the purpose of this report.

9.The process outlined in the body of this report appears to comply with Council's Constitution and with the Public Contracts Regulations 2015.

FINANCIAL IMPLICATIONS AND RISKS

The 1 year extension will cost an additional £0.31m relative to the existing contract, which commenced in April 2017. The additional funding is expected to address capacity issues experienced within the existing arrangements, which required an additional £0.090m during the winter months to meet demand pressures and ensure the service continued to meet its obligations under the Care Act. This will be funded from a mix of additional external funding and budget transfers from existing budgets where efficiencies are expected to accrue as illustrated in the following table;

	2017/18 £m	2018/19 £m	2018/19 Funding to Provide £m
External Funding - BCF Allocation - Funding from CCG based on RNF	4.773	4.864	**0.091**
Internal funding - Budget transfer (virement) from Adult Community Team Residential Cost Centre - A31885			**0.215**
		Total	**0.306**

As stated earlier in the report the estimated full year effect of the current reablement contract for 2017-18 on Home Care and Residential was modelled as delivering the following efficiencies:

Activity areas (Adult Community Team)	2017/18 £m
Home Care	0.376
Residential	0.179
Total	**0.555**

Further work is required by Finance to verify the above however, there is evidence that the number of clients accessing the longer term provision in placements within the Adult Community Team (ACT) budgets has seen a reduction in both 2016/17 and 2017/18. As a result of which there is budget availability to contribute to the increase required by the extension.

The service is expected to make significant efficiencies through a series of initiatives and proposals especially around demand management both in the current and future years consequently the risk of overlap will need to be managed to ensure these are deliverable. The assumption for 2018/19 is by investing in the existing contract current level of efficiencies will at least be maintained however, growth and demand within the

community and hospitals is expected to increase with a consequential increased demand for the reablement service in order to mitigate the number of clients requiring long term care as a result of a hospital admission.

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

There are no direct HR implications or risks, to the council or its workforce that can be identified from the recommendations made in this report.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

There are not anticipated to be any negative impacts arising from this proposal to current and future users of this service.

BACKGROUND PAPERS

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

Proposal NOT agreed because

Delete as applicable

Details of decision maker

Signed

Name: Barbara Nicholls

CMT Member title: Director for Adult Services and Health

Date:

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 22/2/2018
Signed [signature]