

Notice of KEY Executive Decision

Subject Heading:	Approval to Direct Award of the Adults Emergency Duty Team (AEDT) service contract to North East London Foundation Trust (NELFT), under section 75 agreement.
Cabinet Member:	Councillor Wendy Brice-Thompson, Lead Member for Public Health
SLT Lead:	Barbara Nicholls, Director, Adults Social Care & Health
Report Author and contact details:	Hilda Nevoh, Senior Commissioner & Projects Manager; 01708 433746, hilda.nevoh@havering.gov.uk
Policy context:	The AEDT service discharges statutory social care responsibilities whilst ensuring public safety, by providing an emergency social care crisis response for Children, Adults and Mental Health, outside of normal office hours.
Financial summary:	<p>The total contract value is £501,839k per year, to be divided equally between; LBB, LBH, LBR and LBWF.</p> <ul style="list-style-type: none"> • LBH annual contribution will be £125,460. <p>Proposed LBH budget for full contract period 2018 to 2021 will</p>

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	be £376,380
Reason decision is Key	Decision is Key due to the following factors: a) Contract will be awarded under section 75 Agreement. b) Total value of the contract exceed 500k c) Service will be provided across two or more wards in the borough
Date notice given of intended decision:	27 th February 2018
Relevant OSC:	Individuals Overview & Scrutiny Sub-committee
Is it an urgent decision?	No
Is this decision exempt from being called-in?	Yes

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

- Communities making Havering
- Places making Havering
- Opportunities making Havering
- Connections making Havering

Place an X in the [] as appropriate

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Approval for the Council to award this contract directly to North East London Foundation Trust (NELFT) for the provision of the Adults Emergency Duty Team (AEDT) service, which is jointly commissioned across Havering, Barking & Dagenham, Redbridge and Waltham Forest, under section 75 Agreement.

AUTHORITY UNDER WHICH DECISION IS MADE

Constitution Part 3: Responsibility for Functions Section 2.5(g) delegates to an individual Cabinet Member authority set out in Part 4 of the constitution, in accordance with Rule 14(1) of the Contracts Procedure Rules.

STATEMENT OF THE REASONS FOR THE DECISION

This decision is necessary to enable the Council award the contract directly to NELFT for a further 2 years (plus 1 extension) from 1st April 2018.

The current AEDT contract expires 31st March 2018 and a new contract must be in place on 1st April 2018, as other options have been considered and concluded to not be appropriate.

A Prior Information Notice (PIN) was published on 9th September 2017, in the OJEU, to gauge interest from a wider market. This PIN closed on 18th December 2017 with only one expression of interest received which was from the incumbent provider.

This indicated that there are no other providers in the market interested in providing adults emergency duty service of this nature covering both social care and mental health.

Due to the limited interest from the market, the AEDT steering group's preferred option is to negotiate directly with NELFT, with a view to awarding the contract directly once suitable terms have been agreed.

Background

The current AEDT contract expires 31st March 2018.

In 2014, an adults out of hours emergency duty team service was commissioned jointly across London Borough of Havering (LBH), London Borough of Barking and Dagenham (LBBD), London Borough of Redbridge (LBR) and London Borough of Waltham Forest (LBWF.) The contract was awarded to NELFT for a 3 year period until March 2017.

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The service is underpinned by a section 75 agreement to integrate provision of adult social care and mental health services, joint activities and pooled budget in respect of this service for eligible adults and clients within the boroughs.

Towards the end of the contract period, the commissioning partnership across the 4 Boroughs agreed a one year extension under the same terms and contract value from April 2017 to March 2018, to enable a full review of the service prior to the recommissioning of the service by April 2018.

The review was completed in August 2017 with the key recommendation to jointly re-commissioned the service with minimal changes to the specification and service delivery. It was agreed that LBH would lead the procurement exercise on behalf of the other 4 boroughs.

Service Details

The service is commissioned to:

- Deal with emergency situations that cannot wait until the next working day by operating out of hours i.e. from Monday to Friday, 5.15pm – 8.45am and 24 hours on Saturday and Sunday including Public Holidays and additional statutory days.
- Provide a responsive front line service to safeguard people in an emergency, as well as in accordance with the respective procedures and reporting protocols of each local authority.
- Provide qualified Approved Mental Health Practitioner (AMHP) staff to be able to deal with Adult and Mental Health emergencies.
- Signpost to appropriate agency or refer matter to day service staff or to assess, give advice and guidance over the phone where necessary or to visit and/or arrange an intervention where necessary.
- Undertake clear recording and monitoring of all performance indicators
- Respond within 30 minutes of receiving referral.

The partners have statutory duty to provide the service under the following legislatures; The Care Act 2014, the Mental Capacity Act 2005, the Mental Health Act 1983, Children's and Families Act 2014 and Children's Act 1989.

Service Review

A review of the AEDT service was completed in August 2017, by representatives from the partner Boroughs. The purpose of the review was to ascertain whether the service was effective, delivering value for money and meeting objectives outlined in the service specification.

The review concluded that the service was meeting the statutory requirements and there were no issues with service delivery. Performance data indicated that the referral volume was consistent over the 3 years with Havering being the highest user of the service. The joint commissioning arrangement offers financial efficiencies and value across the system.

More robust performance monitoring is required to enable effective monthly monitoring

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of the service and the KPIs are to be reviewed prior to re commissioning to ensure the information provided allows the commissioners to effectively evaluate the impact of the service.

Market engagement

A desktop market research exercise was undertaken as part of the service review, which indicated that there are not many providers in the market currently providing an emergency out of hours service for adult and mental health social care as this type of service is predominantly provided in-house or by partner Boroughs.

The research also identified that mixed provision service was very limited in the market, especially mixed provision requiring specialised service i:e mental health.

A Prior Information Notice (PIN) was published in the OJEU to gauge interest from the market in accordance with procurement rules. This was live for 8 weeks, from 9th September until 31st October 2017.

A corrigendum was published from 1st December 2017 to 18th December 2017 detailing that Contract will be awarded without further publication and responses should be received in writing by 18th December 2017. An expression of interest was received from the incumbent provider only.

The lack of interest from the market indicates that there is not sufficient interest from other providers for the delivery of this service. This also provides evidence of efforts to drive down costs, effect savings and other efficiencies as required by the "best value" obligations.

Service Cost

The current contract value is £0.432m per annum, however during the review NELFT indicated that the future service will cost £0.501m per annum (£0.125m per borough per annum).

NELFT highlighted that the service cost has always been significantly higher than the income received; this is due to their error of omitting overhead and unsocial hours enhancement costs from the original costings. It is also due to the recent recruitment of staff on the highest pay spinal points within the NHS pay band (Band 7) than the mid-range usually used for costing staffing within a contract proposal. This has led to NELFT successfully recruiting to their staff team in full, reduced agency/bank costs and leading to stability within the service.

New revised cost of £0.501m per annum was presented and agreed by partner Boroughs at the last Steering Group meeting, 15th February 2018.

Whilst Havering will be the Host Authority with the section 75 agreement, each partner Borough will be invoiced directly by NELFT for their individual contribution. There is no other liability on Havering for other councils.

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Recommendation

It is recommended that the Council agreed to award the contract directly to NELFT for the provision of the AEDT service, under section 75 Agreement.

To achieve further efficiencies there are plans to jointly re commission the adults service with the children's emergency duty team service. The current children's contract has been extended until 2020 so it is recommended this contract is awarded for 2 years (plus 1 extension) from 1st April 2018 to align with the children's timescales.

OTHER OPTIONS CONSIDERED AND REJECTED

Option 1 – Do Nothing

The service fulfils a statutory requirement to provide an emergency out of hours social work service for Adult and Mental Health service user groups, therefore, doing nothing is not an option as the current contract expires 30th April 2018. The contract was extended in March 2017 for a 12 month period to allow for a full service review and to re-commission a new service by April 2018.

Option 2 – Full Tender Process

A full tender process was planned for the recommissioning of this contract however this option was not deemed viable due to there being no market interest other than the incumbent following publication of a PIN. Due to the timescales, the full tender process would also result in a risk regarding mobilisation period.

PRE-DECISION CONSULTATION

All key stakeholders were consulted as part of the service review which took place in August 2017 this included NELFT, care management teams from each borough and service users.

There has been ongoing consultation via the project steering groups, meetings and one to one discussions.

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

Name: Hilda Nevoh

Designation: Senior Commissioning Manager, Joint Commissioning Unit

Signature:



Date: 22nd February 2018

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Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

This decision sets out the authority to proceed to agree the terms for the provision by a third party to provide the enumerated statutory health services to residents. The authority is within the relevant office's authority in the scheme of delegation, set out in detail above.

The comments of officers set out how the steps to protect the council's interests have been and will be protected, the reasonable endeavours to achieve best value and service improvement. The council's statutory obligations and how they are addressed are set out in detail above.

The agreement once negotiated will include standard legal provisions and will be the subject of a further authorisation.

Risks are considered and there are mitigation measures to minimise the impact of the same.

FINANCIAL IMPLICATIONS AND RISKS

The current contract is valued at £0.432m per annum, shared across the 4 partners equally at £0.108m per borough.

NELFT, the incumbent provider, has highlighted that the service cost is higher than the contracted amount and have proposed an increase of £0.070m to £0.502m to reflect the difference, representing approximately £0.017m increase for each partner borough. The basis of the proposed increase is summarised in the following table (as supplied by the Provider):

Proposed Annual Costs

Salary Costs

Job Title	Grade	Individual Position Cost £	WTE	Total Cost £
Provided separately	Band 7	72,931	6.00	437,587
Provided separately	Band 8A	62,500	0.40	25,000
Provided separately	Band 4	30,645	0.20	6,129
Total Salary Costs				468,716

Non Salary Costs

Non Pay				5,000
Support costs				28,123
Total Non-Salary Costs				33,123

Total Costs

Provider Annual Contract costs (a)				501,839
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Shared equally per Borough	125,460
<u>Change in annual contract value</u>	
Current annual contract value (b)	432,000
Change in contract value (a) - (b)	69,839
- Shared between the 4 Partner Boroughs	17,460

The current contract is funded from £0.108m budget in the A32610 cost centre; consequently the increase will mean a shortfall of approximately £0.017m, which will be met from existing Adult Social Care budgets (cost centre A32200). Once agreed, the risk to the authority is minimal because this is a fixed contract, with each partner organisation having an individual obligation to pay the Provider directly for their share of costs.

**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 either the Council or its workforce

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The service will be provided within the spirit of the Council's Fair to All policy by staff trained in diversity and equality.

Further, the service will be provided in manner that it is sensitive to the needs of Havering's minority communities, service users and carers.

BACKGROUND PAPERS

Not applicable

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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

Details of decision maker

Signed

Name: Councillor Wendy Brice-Thompson

Cabinet Portfolio held: Lead Member for Public Health

Date: 22nd March 2018

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 13/3/2018

Signed 