

Notice of KEY Executive Decision

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| Subject Heading: | Approval to modify Reablement contract with Essex Cares Limited (ECL) |
| Decision Maker: | Barbara Nicholls, Director of Adult Social Care |
| Cabinet Member: | Cabinet member for Health and Adult Care Services |
| SLT Lead: | Barbara Nicholls, Director of Adult Social Care |
| Report Author and contact details: | Chris Atkin Senior Commissioner & Project Manager Chris.Atkin@Havering.gov.uk |
| Policy context: | <p>Supports priorities in the Joint Health & Wellbeing strategy:</p> <ul style="list-style-type: none"> • Better integrated support for people most at risk • Quality of services and patient experience <p>Supports statutory requirement to reduce care needs (Care Act 2014)</p> |
| Financial summary: | <p>The possibility of total increased hours that could be provided by ECL, by the end of 22/23, is projected as 1300 hours. However there will be a gradual increase over the year as more staff are recruited and trained. As it is a gradual ramp up, the additional cost is estimated to be £820k (see appendix 1). It is</p> |

Key Executive Decision

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| | important to note that health partners will fund this cost. |
| Reason decision is Key | (a) Expenditure or saving (including anticipated income) of £500,000 or more |
| Date notice given of intended decision: | 20 nd May 2022 |
| Relevant OSC: | Individuals |
| 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 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 report seeks approval from the Director for Adults Services and Health to:

- i) Modify the contract with ECL to allow for the ramp up of service to accommodate greater capacity in delivering support to Havering's service users at an approximate additional cost of £820,000.00 per annum.
- ii) Remove the contract clauses related to 'over delivery of up to 10%' section found in service specification, section 3.7 pg. 44 and 'under delivery (due to capacity) above 10%' pg. 43

AUTHORITY UNDER WHICH DECISION IS MADE

Part 4 [Contract Procedure Rules] of the Council's Constitution

19.1 Subject to the authority given under the Council's Scheme of Delegation and CPRs 3 and 4, an officer who has responsibility for the day to day management and performance of an 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:

ii. A change in contractor cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, or, would cause significant inconvenience or substantial duplication of costs for the Council provided that an increase in price does not exceed 50% of the value of the original contract

iii. Where the need for modification has been brought about by circumstances which the Council could not have foreseen, the modification does not alter the overall nature of the contract, any increase does not exceed 50% of the value of the original contract or framework agreement

STATEMENT OF THE REASONS FOR THE DECISION

Background

The contract for the integrated reablement service was awarded to Essex Cares Limited (ECL) on 8th January 2019 with a commencement date of 1 April 2019. The service was commissioned on a block contract model, with up to 700 hours of support allocated per week.

The contract with ECL was recently extended for one year, with a value of £1,905,750 for the extension period. This is the fourth year of a potential 5 year contract (commissioned as 3 years with the option to extend for one or two years). At present it is planned to re-commission and enter into a new contract at the end of 4 years but, if the contract were to go the full 5

Key Executive Decision

year term, it would cost £9,256,500 (5 years). These costs are based on providing 700 hours per week of reablement.

Demand for reablement services has significantly increased since the contract was first commissioned, largely because of the pandemic, with both numbers and the acuity of condition of people coming from the hospital increasing. There is a need to meet this extra demand, which will need a contract variation.

Proposed modifications

In order to meet the demands on the reablement service, the decision maker, in accordance with clause B.22.2 of the contract, is asked to agree the changes, listed below, to the terms and conditions:

1. Approve an increase of 600 hours additional to those originally commissioned (700 hours) to a maximum of 1300 hours by March 2023 in accordance with the ramp up plan detailed in appendix 1.
2. Remove “over delivery of up to 10%” section found in service specification, section 3.7 pg. 44:

“Over delivery of up to 10% will be managed by the provider without additional payment but it is expected that when the over delivery reaches 5% over expected average, this is flagged to the Council”.
3. Remove “under delivery (due to capacity) above 10% will result in the withholding of payment” section on service specification, pg. 43.

Removing the requirement to deliver against the above statements negate the negative impact of penalising the provider against a contract which has changed substantially and require only that we pay against hours that are being delivered. If the provider is under delivering for commissioned hours over the block arrangement, payment will reflect this and will not affect risk of paying for a service that is not being delivered under the block arrangement.

When the contract began, the expectation was that the estimated demand would remain stable at around 700 hours per week. The eventuality of the pandemic and a desire to change to a Homefirst model has changed the level of demand on the service.

This clause was intended to allow for occasional variations around the base 700 figure, so that no party was unduly disadvantaged. However, with the need to increase capacity this clause would have the unintended consequence of continually penalising the provider by not paying 10% of the hours provided. This was not the intention of the clause and the provider has stated that this would not be sustainable for them. It is therefore intended to continue to pay the 700 hour base amount and then pay on the number of hours provided, as delivered, over and above the core amount.

Homefirst

Since April 2021, the reablement service has been operating via a business as usual discharge to assess model or “Homefirst”. This means no decisions regarding long term care needs should be made in an acute setting and instead people are assessed in their own home. The impact of this pathway is every person returning home from hospital with a care

Key Executive Decision

need would receive a service from ECL whereas under the previous arrangement only those with reablement potential would be referred to the service.

The Homefirst model has proven that benefits can be achieved for the Authority, the Trust, residents and their families. These include:

- A decrease in bed days and bed days released (shorter length of stay in hospital).
- Improved outcomes for residents.
- Reduced costs for equipment and care home placements.
- Increased therapy capacity in the community.
- More accurate assessments carried out in residents home environment

The Homefirst model is an efficient method at achieving safe hospital discharge quickly; however, there is not enough supply in the current model to meet demand. This is due to a number of reasons, most notably:

- An increase in per case hours
- An increase in per case complexity/acuity
- An increase in the number of hours held by the supplier for packages accepted, leading to a reduction in capacity when accepting new packages

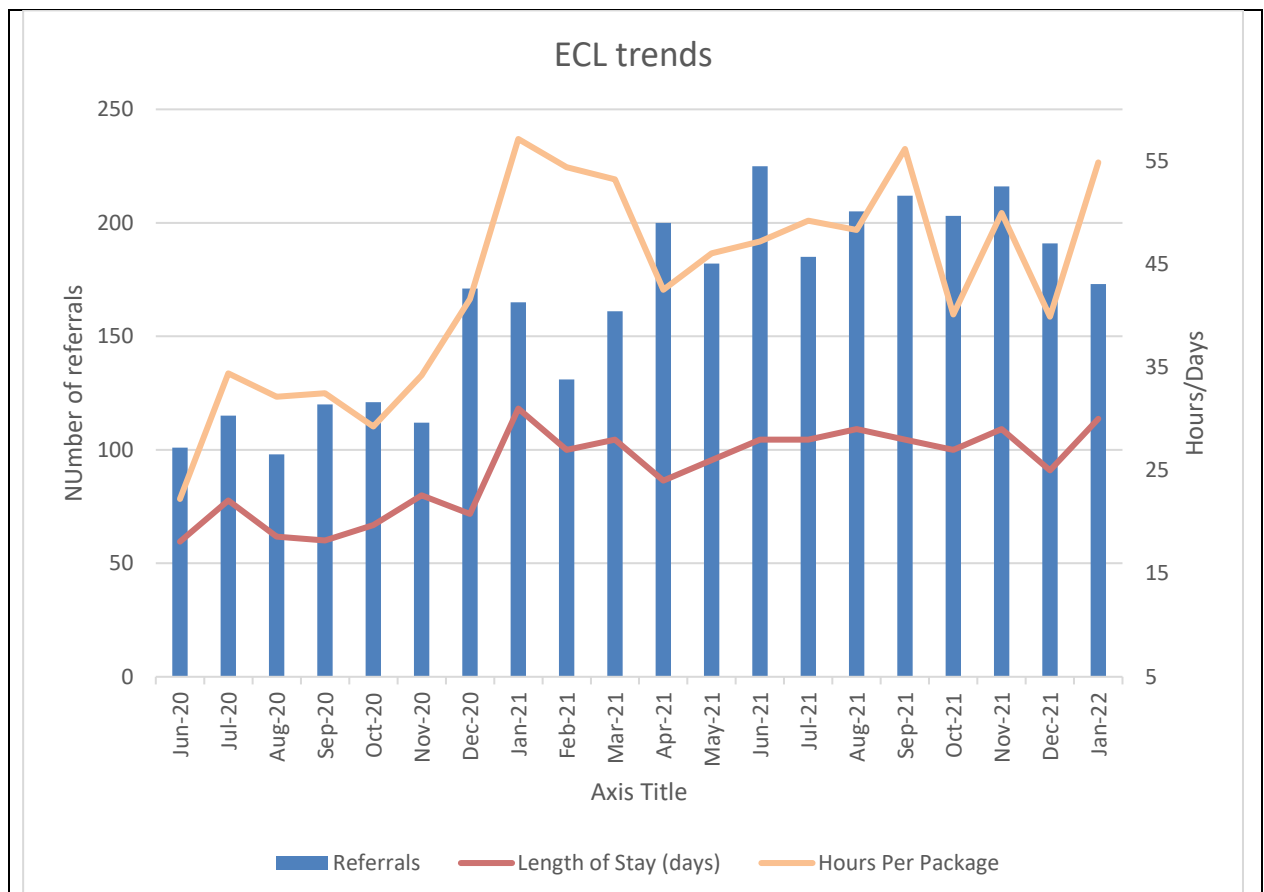
The Council has been working closely with stakeholders from the Hospital and the supplier to improve efficiency within the service, including:

- Development of a weekly Multi-Disciplinary Team review to identify cases that are stuck within the system, review cases with regard to suitability on the pathway and to share learning
- Managing review backlog with colleagues in the review team
- Working with partners to improve communications and understanding of the pathway for therapists and service users
- Refining criteria that dictates appropriateness for pathway for service users

Current Context

Reablement services within Havering have seen an unprecedented rise of cases, largely as a result of the pandemic, with the commissioned hours, predicted in a pre-pandemic world, not enough to meet demand.

Key Executive Decision



Since June 2020, largely because of the pandemic, there has been an upward trend in the number of referrals received and the hours committed per package, in addition to service users staying longer in the service.

The dis-benefits of this include:

- More residents engaged in reablement packages lessens the capacity of the service to accept new referrals, putting pressure on the hospital and placing individuals in a service which may not provide a positive, reabling outcome
- Pressure on the review team in Havering to transfer packages following a review
- Potential negative outcomes for residents who are eligible for reablement but, because of insufficient capacity have their support needs delivered by the homecare market

The urgent need to ensure flows into the care market from the hospital throughout the pandemic meant that the NHS committed to cover all reablement costs through the Hospital Discharge Fund for 21/22. The fund ended on the 31st March 2022 but the increased demand remains. The only way of meeting the extra demand is for system partners to fund it, to their benefit and to that of Havering Council and its residents. This arrangement has been agreed and extra funding from the Better Care Fund (BCF) will be used to sustain any costs over and above that previously committed to by the local authority.

As outlined in the report, there is ongoing work being completed to improve the efficiency of the model, including an option to run a separate pathway in parallel to identify those not suitable for reablement at an earlier opportunity, to ensure that there is not a risk of the Homefirst/ Reablement pathway becoming blocked.

The Market

Key Executive Decision

To ensure that the market is aware of the proposal to commission extra hours throughout 22/23 a VEAT notice was issued on 22nd April 2022, which serves the purpose of alerting the wider market to the opportunity. There has been no interest shown.

Performance

The service has been proven to provide good outcomes for residents that complete a package of reablement, with an average of 86% (since November 2020) going on to receive no further care, self-funding a package of care or receiving an LA funded package of care. On average, the service has seen a reduction of care hours by 517 per month.

The average score of customers who took part in a customer satisfaction survey following their period of reablement with ECL is 98% and feedback has been positive.

A recent Care Quality Commission inspection delivered a 'good' rating with no areas of concern.

Finance

ECL have provided a ramp up plan, which details the rate of availability of hours (in conjunction with their need to recruit and train new staff), from April 2022 to March 2023. A gradual increase of 600 hours per week (in addition to the 700 hours already commissioned by Havering) would bring the total hours available to 1300 per week and would cost a further £820k over the year (see appendix 1).

Ramp up, however, is not possible immediately. Recruitment is difficult in the care market and people, once recruited, have to be trained. ECL believe the schedule is possible but it will be monitored throughout the year.

As we progress through the year, at each month (around the 15th) the level of ramp up will be confirmed/agreed with LBH commissioners. If there has been no net gain of staff there would be no ramp up that month. If recruitment was stronger than expected a larger rise could be discussed/agreed.

Benefits

The benefits of utilising a programme of reablement include:

- Improvement in residents ability to remain independent with no need or little need for future services
- Prolongs residents' ability to remain in their own home
- Avoid unnecessary admission to hospital

Given the benefits to both the hospital, the CCG and the Local Authority, the intention is that we use the time granted by the extension to pursue a system wide re-commissioning and look to redesign and further refine the pathway. An element of this time will be used to garner commitment to funding from relevant system partners and explore an adequate route through governance.

Recommendation

Key Executive Decision

That the decision maker grants approval for the modifications of the reablement contract and that the terms and conditions are updated to reflect the changes requested.

OTHER OPTIONS CONSIDERED AND REJECTED

Option one: Do nothing and do not modify the contract

This option was explored and rejected. In order to ensure that the reablement service can keep up with the demand, additional hours will need to be funded and further efficiencies in the pathway made. Additional hours will help facilitate new discharges as well as address the impact from higher acuity cases.

Option two: Commission additional hours via another provider

Commissioning hours via another provider would lead to increased mobilisation and overhead costs and would not provide value for money. ECL are experienced with the homefirst discharge pathway and therapists/planners have built up a good relationship with colleagues at the hospital.

PRE-DECISION CONSULTATION

The pre-decision consultation has involved engaging with a number of stakeholders. This has included Procurement, Legal and Finance teams.

Key Executive Decision

Appendix 1: ECL ramp up plan and associated costs:

| Month | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | |
|--|-------|------|------|------|------|------|------|------|------|------|------|------|---|
| Estimated Hours per week 2022/23 | 950 | 1000 | 1050 | 1100 | 1100 | 1100 | 1150 | 1200 | 1200 | 1200 | 1250 | 1300 | |
| Increase over LBH commissioned hours | 250 | 300 | 350 | 400 | 400 | 400 | 450 | 500 | 500 | 500 | 550 | 600 | |
| Additional hours per week | 250 | 50 | 50 | 50 | 0 | 0 | 50 | 50 | 0 | 0 | 50 | 50 | |
| Amount of additional hours multiplied by the rate of £36.37 per hour multiplied by the number of weeks remaining – rounded figures | £473k | £87k | £80k | £71k | £0 | £0 | £47k | £40k | £0 | £0 | £15k | £7k | Total cost if ramp up plan followed: £820k |

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

Name: John Green

Designation: Assistant Director, Joint Commissioning Unit

Signature:



Date: 18th May 2022

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

This report seeks approval to vary an existing contract with Essex Cares Ltd for the reablement services contract for the reasons set out within the body of this report.

The Council has a general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The arrangements now sought are in accordance with these powers.

The Council is a contracting authority for the purposes of the Public Contracts Regulations (as amended) 2015 (PCR). The value of the original contract is above the PCR threshold for service contracts and the contract is subject to the full rigours of PCR. Any contract variations must be compliant with the PCR and the Council's Contract Procurement Rules (CPR).

Regulation 72(1)(b) permits a variation of a contract for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor –

- i. cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, or
- ii. would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract;

CPR 19.1 permits a variation to a contract when: Subject to the authority given under the Council's Scheme of Delegation and CPRs 3 and 4, an officer who has responsibility for the day to day management and performance of an 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:

- ii. A change in contractor cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, or, would cause significant inconvenience or substantial duplication of costs for the Council provided that an increase.

The variation is therefore compliant with both the CPR and PCR and the Council may vary the contract as proposed within this report.

The contract can be varied in accordance with regulation 72(1)(b) PCR, as the services are now required by the Council and the cost of these additional

Key Executive Decision

services does not exceed 50% of the original contract value as detailed in the body of report.

FINANCIAL IMPLICATIONS AND RISKS

Currently, there is in place a reablement block contract costing c£1.906m pa (includes 5% inflation), covering 700 hours of service per week. The service demand is higher than the block element as such there is an extra provision of c£0.212m taking the total funding to c£2.218m. The funding is split between LA Core Budget (c£0.874m) and CCG (c£1.244m), pooled and governed under the S75- BCF agreement.

The required modification of the current reablement block contract is due to significant demand increase on the service, foreseen to reach 1,300 hours per week. The extra 600 hours per week will reach the peak in a phased approach (as detailed in appendix 1) and are forecasted to have a full year cost impact of c£0.820m, taking the total cost of block contract to c£2.726m. The overall reablement funding will still include the extra provision of £0.212m, taking the total funding to c£2.938m. Essex Care Limited will cover the delivery of the block element (1300 hours per week). In case the provider has no capacity to cover demand above block it will be procured, as 'emergency reablement', from other providers on the active homecare framework. The increased cost of c£0.820m in 22-23 will be funded from an additional contribution to BCF from CCG. Any further increases on top and above 1,300 hours per week will be covered by the same additional BCF contribution from CCG. The overall funding split under the amended contract will be £0.874m from LA Core budget (unchanged) and £2.064m from CCG contribution. The funding will continue to be pooled and governed under the current S75- BCF agreement. The additional CCG contribution to BCF is non recurrent which means that beyond 22-23 funding of the contract above the current 700 hours per week will need to be reviewed and agreed with CCG.

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 Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

Key Executive Decision

- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Utilising a reablement service has Health and Wellbeing benefits for eligible residents, most notably:

- Increased likelihood for return to baseline level of independence post service and improvements to confidence, mobility and functional ability
- Improvements to familial wellbeing where pressure is experienced by those acting as informal carer
- Less chance of resident experiencing decline in health and wellbeing as a result of extended stay in hospital

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

Key Executive Decision

The supplier is working to minimise impact on the environment by:

- Eliminating the need for one use plastics
- Ensuring that all waste is correctly recycled
- Utilising a mixture of drivers and walkers to deliver reablement where able
- Utilising route planning software to minimise distance travelled and reducing carbon emissions from their vehicles
- Employing a digital solution for recording medicines, negating the need for repeat visits to customers' homes for recording purposes
- A move to a hybrid working model for office based staff reducing emissions from commuting and use of vehicles.

BACKGROUND PAPERS

None

APPENDICES

None

Key Executive Decision

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: Barbara Nicholls

Cabinet Portfolio held:

CMT Member title:

Head of Service title: Director of Adult Services

Other manager title:

Date: 15/06/2022

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

Key Executive Decision

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