



Havering
LONDON BOROUGH

Notice of Non-key Executive Decision

Subject Heading:	Approval to commence a tender process for the delivery of a care and support contract at Paines Brook, St Ethelburga & Dreywood extra care Housing Schemes
Decision Maker:	Barbara Nicholls, Director of Adult Social Care
Cabinet Member:	Councillor Gillian Ford, Cabinet Member for Adults and Health
SLT Lead:	Barbara Nicholls, Director of Adult Social Care
Report Author and contact details:	Suzanne West, Commissioning & Project Manager, Joint Commissioning Unit E: suzanne.west@havering.gov.uk
Policy context:	<p>The Supported Housing Strategy 2022 - 2025 states that the estimated number of housing units with care needed (after existing extra care supply is deducted) to 2030 is 228 units. To meet the needs of the ageing population, plans are in progress to develop further Extra Care Schemes.</p> <p>At a local level, this contract supports Havering Council to meet its Communities Theme priorities in its Corporate Plan. This plan sets out how the Council intends to invest and transform the borough with an emphasis on helping young and old fulfil their potential through high-achieving schools and by supporting people to live safe, healthy and independent lives. In</p>

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	<p>summary, this contract will ensure the Council fulfils its aim of ensuring that the needs of our most vulnerable residents are identified and met and that Havering residents are healthy and active.</p> <p>As outlined in the Joint Health & Well Being Strategy 2019/20 - 2023/24, the Council's vision is that everyone in Havering enjoys a long and healthy life, and has access to the best health and care services. For Extra Care housing, the Council's vision is for quality housing for older people who wish to live independently with high quality care and support services that promote well-being, meet individual needs, lifestyles and inclusive communities.</p>
Financial summary:	<p>The proposed tender is for a 3 year contract (with a one plus one year extension option) that will be delivered in each of the three Extra Care Schemes.</p> <p>The contract price is estimated at £1.4m for the first year, so at least £7m in total over 5 years (including the two extension periods) but likely to be higher if annual inflationary increases are agreed.</p> <p>The budget for this procurement will come from existing revenue social care budgets.</p>
Relevant OSC:	People's OSSC
Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non key Decision

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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

The current contract for the provision of care and support services at the three Extra Care Schemes in Havering ends on 31st March 2023. The service needs to be re-commissioned as it provides care and support to vulnerable adults whom otherwise would need to be placed in more expensive residential care placements.

For the reasons stated in this report the Member of SLT is recommended to agree the commencement of a fully compliant above threshold tender process for a three year contract (with a one plus one year extension option) at an estimated value of least £7m in total over 5 years (including the two extension periods) but likely to be higher if annual inflationary increases are agreed for a single provider at Paines Brook, St Ethelburga & Dreywood Extra Care Housing Schemes commencing from 1st April 2023.

AUTHORITY UNDER WHICH DECISION IS MADE

Havering Council's Constitution,
Part 3.3 Powers of Members of the Senior Leadership Team;
Contract powers

(a) To approve commencement of a tendering process for all contracts above a total contract value of £500,000.

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.

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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:

- 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.

The current contract comes to an end next year and the commissioning of a new contract is the preferred approach to maintain this service provision. This will ensure that the Council continues to provide support to promote independence, prevent the need for more costly care and support interventions, making the most of existing personal and community resources and fulfils the Council's duties under the Care Act to help vulnerable people remain safe in their homes.

2. Cost

The Council needs to set a price that will support a successful procurement exercise and will deliver a good quality preventative service whilst balancing the challenging financial position of the Council.

There are two areas of pressure on the contract value. One is increasing demand and increasing complexity of need. The second area is inflationary pressures. The homecare hourly rate has increased by 16.3% over the last 5 years in comparison the hourly rate for extra care has increased by 11% over the same period. There has been no increase to the core element of the service, which includes care support at night, through the duration of the contract.. Benchmarking information indicates Havering's hourly rate is below that of other boroughs. Therefore, the contract value needs to increase to sustain the service. Extra care supports residents to live independently for as long as possible and reduces and delays the needs for more expensive residential care. No extra care service would have a direct impact on the homecare budget.

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There are two elements of the service Core & Flexi. Core functions include night care, wellbeing support, management & administration - In more detail, the core element of the service is to provide staff 24 hours a day and includes well-being support and night care. The core element of the service also ensures that the care is being effectively managed and that residents remain safe and healthy throughout the day. The Provider will be asked to complete a pricing schedule for the Core Element of the service and bidders will be asked to price this element of the service within the range of £280k-£320k for the first year. Bids below £280k and in excess of £320k will not be scored. Therefore, the maximum cost of the Core element will be £320k for the first year. The Flexi element is direct care hours based on an assessment of needs for each client. This is paid as an hourly rate and the hours will fluctuate during the contract based on the assessments. The contract figure for the first year has been calculated using the average number of care hours delivered over the last 4 years with an hourly rate of £18.34 (based on a 4% increase to 2022/2023 hourly rate with an annual uplift applied which has not yet been agreed so this is the worst case scenario).

Care Hours delivered over the last 4 years

Year	Total Hours Delivered	Hourly Rate	Annual Flexi Cost
2019/2020	58827.86	£15.28	£898,889.70
2020/2021	60344.00	£16.00	£965,504.00
2021/2022	57730.00	£16.64	£960,627.20
2022/2023	59625.00	£17.63 (with uplift applied)	£1,051,188.75
New Contract	Average total		
2023/2024	59131.72	£18.34 (4% inflation)	£1,084,475.74

The estimated contract value for the first year of the contract will be £320,000.00 (core) plus £1,084,475.74 (flexi) totalling £1,404,475.74. However, this is a demand driven service so this is a best estimate.

We propose procuring for an initial contract price for the first year and to then review the hourly rate for future years. This would be the same process as that used to determine the homecare hourly rate. Each year a review of the rate takes place in line with the contract terms. The review incorporates a range of factors for consideration including inflationary increases, other cost pressures such as insurance increases linked to COVID-19, consolation with providers, benchmarking information on rates paid by other authorities and the overall quality of provision. This review forms an Executive Decision seeking approval for any change to the rate paid.

All applications for extra care go through a robust panel allocations process (including stakeholders from Housing and Adult Social Care) ensuring that all applicants are eligible and other lower cost options will be considered before acceptance to the service is agreed.

Cost Avoidance - People accessing extra care would otherwise require homecare and extra care can delay the need for costlier residential care.

Home Care Comparison

For 22-23, when comparing standard home care at £19.68 with costs for clients who currently have a care package in extra care (from Apr to Jul 22 = 19,875.93 hours of care during this period):

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- standard home care would have cost £391,158.27
 - extra care housing cost £330,735.45
 - this equates to a saving of £60,422.82 in four months
- If extrapolated for the whole year (using an average of the difference in cost):
- £181,268.50 less spend for 22/23 if rate stays at £16.64ph
 - £88,249.09 less spend for 22/23 if rate is increased to £18.34ph

In 21/22 we spent £111,419.35 less on Extra Care Housing than if the clients had been with standard home care.

It should also be noted that part of the core service is paying for waking nights which could cost (at £19.68ph) around £1,653.12pw per client if provided in the community. There are currently 85 Extra Care Clients, 22 in receipt of high cost packages who are likely to need waking night support. This would cost £36,368.64 per week if they were getting waking nights in the community with a framework home care provider. Having an onsite provider in Extra Care benefits all of the clients as it provides safety, security and peace of mind as well as increasing efficiencies and economies of scale. When added up for a year this would be significantly more than the £250k we currently pay for the core service (which includes day activities also)

3. Project Management of the Tender Process

This project will be managed using the Council's Project Management toolkit adapted for the particular needs of this project. A formal project management structure will be established, including identification of peoples' roles and responsibilities. Throughout the project the following control measures will be put in place:

- Reporting progress to the Project Board on a monthly basis
- Reporting progress on Verto, the Council's web based project management system, on a monthly basis
- Managing the progress of the project through the monitoring and delivery of a Project Plan
- Assigning tasks and managing these with a regularly updated Action Log
- Identifying and managing risks with a regularly updated Risk Log
- Communication to wider stakeholders on a monthly basis where deemed necessary.

The scope of the project includes:

- a) Review of existing documents
- b) Production of new documents
- c) Managing the tender process
- d) Evaluating and moderating bids
- e) Awarding the contract
- f) Preparing for the start of the new Contract
- g) Measuring the benefits

A Project Board will be responsible for seeing that the project objectives are being

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achieved in a timely and effective manner. The Project Board will be a newly formed group and will meet on a monthly basis commencing August 2022. The aim of the Project Board is to act as the formal body to supervise the tendering of the service carrying out the key functions below;

- a) Supervise the redesigning of the current service so as to ensure that it will deliver the required outcomes
- b) Supervise activities across the tender process whilst ensuring required documentation is returned within specified deadlines.
- c) Ensure that procurement is monitored and effectively follows the project plan, ensuring the tender activities are acted upon within strict deadlines.
- d) Supervise the preparation and completion of other relevant tender documents in alignment with requirements.
- e) Evaluate tender documentation to ensure compliance with the requirements of the Council's tender.

4. Procurement Approach

This procurement will be subject to and adhere to the Council's Contract Procedure Rules. The procurement will adhere to a formal tender process in line with the local contract procedure rules and in accordance with the Public Contracts Regulations 2015 (as amended), which require compliance with principles of non-discrimination, equal treatment and transparency.

The procurement will be an Open Procedure which allows all suppliers who express an interest the opportunity to submit a bid.

The budget for this procurement will come from the existing funding stream. Budgetary provision and level of funding has been discussed and agreed with the JCU's senior managers. It is proposed that the Council will go out to the market with a contract value of £1.4m for the first year of the contract (price would be assessed annually based on inflation and in line with the Home Care Services). For this tender, the budget for the first year will be set at a maximum of £1.4m. Bidders will be asked not to bid in excess of the maximum budget and will be encouraged to make efficiencies, find savings and bid lower than the available budget. By assigning 70% of the score to the commercial evaluation, bidders will therefore be encouraged to bid lower than the available budget.

In more detail, the procurement timetable is as follows;

- a) Project Board develops and prepares tender documents in September 2022
- b) The project aims to publish the tender in October 2022
- c) Project Board evaluates bids in November 2022
- d) New contract to be formally awarded in January 2023
- e) The service will be mobilised between January – March 2023
- f) The contract will begin on 1st April 2023 for a five year period

To conclude, the new contract will be managed by a Commissioning Manager in the Joint Commissioning Unit with engagement with key internal stakeholders including Adult Social Care.

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OTHER OPTIONS CONSIDERED AND REJECTED

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

2. Do nothing: Allowing the existing contract to lapse would lead to a potential destabilisation of the current service. This is not a practical option and would lead to the Council not being fully compliant with its existing obligations to provide these services.

PRE-DECISION CONSULTATION

No formal consultation is required for this activity. The request to begin the tender process has been presented at the Gateway meeting held on 07/09/2022.

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

Name: Suzanne West

Designation: Joint Commissioning Unit

Signature:



Date: 13/07/2022

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. The Council has power to procure the services under the general power of competence contained in section 1 of the Localism Act 2011 which allows the Council to do anything that an individual may do subject to any statutory constraints on the Council's powers. None of the constraints on the Council's section 1 powers are engaged by this decision.
2. The subject matter of the contract falls within the description of "Health, social and related services" under Schedule 3 of the Public Contracts Regulations 2015 (as amended) (PCR); and are services to which the light-touch regime (LTR) apply. The estimated total value of the contract is over the relevant procurement threshold for LTR services for advertisement (currently £663,540 inclusive of VAT), and therefore is subject to the full rigours of the PCR publication requirements. The proposed open tender is compliant with the requirements of both the PCR and the Council's Contract Procedure Rules for contracts of this nature.
3. The pricing arrangements with review mechanism to be incorporated into the contract, is required to be clear, precise and unequivocal under the PCR.
4. Whilst Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) does not apply to the Council as the Council is not a current nor future employer, it is assumed that TUPE may apply and officers would seek to manage the process between the current employer and bidders during the tender process.

FINANCIAL IMPLICATIONS AND RISKS

The procurement exercise aims to engage a Provider to deliver support at the 3 Extra care schemes, and will be funded from existing service budgets. The proposal is to go out to tender for a 5 year contract, from 2023-24 with the contract value of £1.4m for the first year. The price will be assessed annually based on inflation, similar to what the Council already does with Home Care Providers.

The contract value has been modelled on existing support needs (hours). This will invariably fluctuate dependent of the current and future "unmet" needs of users. The final contract value for the first year will be calculated at the point of evaluating the tenders but will not be known until the winner has been selected and engaged.

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 procurement.

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All applications will need to go through a robust allocations process ensuring that all applicants are eligible and other lower cost options will be considered before acceptance to the service is agreed.

In addition, 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 is expected to cost 0.040m per annum and will be funded from the existing budget.

There is a risk that the procurement itself may result in budgetary pressures for the service if the hourly rate submitted for the flexi model plus costs of delivering the Core service exceed the target. This will be managed as part of the procurement exercise, and any material price difference will have to be considered in the context of the overall budget. In addition, the implementation of initiatives around self-help and other commissioned prevention service should further help manage demand from those with unmet needs.

The existing budget covers home and extra care and is currently overspending by c£2.7m. Any increases on the spend due to this contract will increase the budget pressure.

No savings will materialise from this contract re-procurement. However the service does contribute to Cost Avoidance - People accessing Extra Care will not need to access Home Care or Residential Care which are more costly services.

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

There are no implications or risks anticipated to council staff as the employees involved in the delivery of the current service are employed directly by the existing Provider. Should the current provider not be successful then it would need to discuss the terms of the staff transfer with the successful provider in line with the Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014.

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;
- (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.

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

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.

The action undertaken will include monitoring how the service meets the needs of all eligible users, including those from ethnic minority communities and the disabled. The Council will also ensure that potential providers have undertaken equality training and adhere to the Council's Fair to All Policy or their own equivalent.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The Council's Social Value Framework will be used to assess the environmental impact and plans of those suppliers bidding for this contract. As a result, suppliers will be required to describe how they intend to minimise impact on the environment by:

- Ensuring that all waste is correctly recycled
- Utilising public transport
- Employing locally wherever possible to reduce the environmental impact of travelling to work
- Employing digital solutions to reduce the need for manual recording and disposable materials.

BACKGROUND PAPERS

None

APPENDICIES

None

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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: Barbara Nicholls

SLT Member title: Director of Adult Social Care

Date: 15.09.22

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 _____

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