

**Limetree and St Peter's Care Contract**

**CONTRACT AWARD REPORT**

**Key Decision No. CACH Q26**

**CPC MEETING DATE**

**13 January 2020**

**CLASSIFICATION:**

**CLASSIFICATION:**

**OPEN with EXEMPT APENDICES A&B**

**By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices A & B are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**WARD(S) AFFECTED**

**All**

**CABINET MEMBER**

**Philip Glanville, Mayor of Hackney**

**KEY DECISION**

**Yes**

**REASON**

**Affects Two or More Wards**

**GROUP DIRECTOR**

**Anne Canning, Group Director Children, Adults and Community Health**

**1. CABINET MEMBER'S INTRODUCTION**

- 1.1. Cabinet Procurement Committee is being asked to agree to the results of this competitive procurement for the delivery of a care support service at Limetree Court and St Peter's extra-care schemes.
- 1.2. As agreed through a business case approval, the Adult's Commissioning team has undertaken a competitive procurement for the delivery of a care support service at Limetree Court and St Peter's for three years. The total contract value over three years will be £2.1m.
- 1.3. These two schemes, Limetree and St Peter's, are purpose built and of a high specification, demonstrating the Council's commitment to Hackney residents having options to plan ahead for their future care needs in high quality surroundings that will be their homes for as long as they need them. The service will also deliver on the Mayoral commitment to promote independence in adult social care, by allowing individuals to maintain their own tenancies and deliver high quality services to those who need support.
- 1.4. In commissioning this service for local residents, Hackney Council is signalling its intention to the market about its ambition for future growth in the provision of extra care. However, this is balanced alongside the Mayor's manifesto commitment to review services with a view to bringing them in-house. The service proposed in this contract will enable the Council to build knowledge about the ability of the market to deliver effective extra-care, whilst our in-house service continues to go through a process of improvement and review in light of its recent CQC inspections. A further options appraisal will be undertaken subsequent to that review of in-house services, incorporating knowledge gathered from delivery of this contract by the preferred bidder. In this way, the Council is able to continue to work towards its ambition of bringing services in-house, or alternative models of service provision if this is not possible.

**2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. This report seeks approval to award a contract for the provision of care services in Limetree and St Peter's Extra Care in the London Borough of Hackney.
- 2.2. The contract is due to commence on 1st April 2020 and will be initially one year in length with two options to extend, totalling 3 years maximum.

- 2.3. The award demonstrates the Council's commitment to supporting residents independence for as long as possible and it is anticipated that care support services at Limetree and St Peter's will mean that service users will avoid the need to be placed in more expensive residential care provision.

### **3. RECOMMENDATION(S)**

- 3.1. Cabinet Procurement Committee is recommended to award the contract for care services to Bidder B. The provision will cost a total amount of £2,128,501 for a period of three years.

### **4. RELATED DECISIONS**

- 4.1. Due to the assessed risk of this contract the business case approval was sought from the Group Director and was not presented to Cabinet Procurement Committee.

<https://docs.google.com/document/d/1XWsf7SRYcT-sE6prfD2dL78zqska2RoK94WcY9QsM0o/edit?usp=sharing>

### **5. REASONS FOR DECISION/OPTIONS APPRAISAL.**

- 5.1. In 2012/13, at the request of the London Borough of Hackney, Family Mosaic (now known as Peabody) were asked to apply for a capital grant of £4m from the (then) Homes and Communities Agency to redevelop two of their sites to create extra care services. The London Borough of Hackney then agreed to fund a further £300k capital directly to ensure the new service was designed specifically for residents with dementia and mental health issues. The capital funding was agreed by the London Borough of Hackney on the understanding that these services would assist in delaying or preventing the need for residential care and avoiding costs to health and social care services. This became the St Peter's site. Separately, Hanover (now known as Anchor Hanover) had also developed Limetree Court as a purpose built scheme that presented an opportunity for extra-care provision in both buildings to be delivered by one care and support provider.
- 5.2. A homecare agency from the Council's framework contract has been delivering care and support at both schemes to date, on a short-term basis. In the medium-long term, staff from the in-house Housing with Care service will take on the provision, however this is not possible at present due to changes in the service resulting from the recent CQC Inspection. In the interim, an open tender was required in order for a homecare agency to provide care and support across both settings on an ongoing basis.
- 5.3. Extra Care Housing is housing designed with the needs of frailer, older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self contained homes, their own front doors and a legal right to occupy the property. This type of provision means that people can retain their independence longer, delaying and often completely avoiding the need for residential

care. This model promotes the council's vision to promote independence and ensuring people are valued members of their community. This model also avoids higher cost placements in residential care.

- 5.4. A detailed options appraisal for the procurement approach was set out in the Business Case for this service, which was approved by the group director and is reiterated here in Section 8 below.

## **6. PROJECT PROGRESS**

### **6.1. Developments since the Business Case approval.**

The procurement timetable was delayed due to the business case, and associated tender documents, needing to be updated to include the flex element of the service as well as core hours. The timeline for procurement was amended to ensure feasible and safe delivery of the procurement. Two Single Tender Actions were awarded to extend the current provision until 31 March 2020, with the new contract now starting 1st April 2020 which will also help with a smooth transition.

### **6.2. Whole Life Costing/Budgets.**

The single lead provider will be paid on a core and flex model. The core costs include management, core hours to cover the team manager, day and night time staff minimum cover, and the ability to cover emergencies stemming from the oncall alarm system in all residents rooms. The flex cost is based on an hourly rate and will be determined individually as part of social care assessment and review processes. This model also allows the bidder to maintain a guaranteed level of income from the core, while the flex will fluctuate depending on residents care needs. It is for the provider to determine risk in relation to the mix of guaranteed and non-guaranteed income, which provides some incentive for innovation and allows us to assess experience and expertise of bidders.

The Council has had an interim provider delivering this service, and as part of the competitive tender process, the overall costs of this contract have significantly reduced from an estimated budget of c£2.7m to an actual cost of £2,128,501 over three years.

### **6.3. Savings.**

This proposal is for an "invest to save" opportunity, which is the basis of our interest in growing extra care provision. By investing in extra care the Council is both extending the time in which Hackney residents are able to live independently, with support available when needed, and avoid or delay the higher cost of residential care. People funded to access this type of support would otherwise need to be placed in residential care either now or in the near future.

## **7. SUSTAINABILITY ISSUES**

### **7.1. Procuring Green**

- 7.1.1. The Procurement Impact Assessment identified a small number of environmental impacts, including mainly waste and some travel. Providers were scored on Social Value at 5% of the overall tender quality score. The preferred bidder will seek to recruit local staff wherever possible in order to reduce the impact travelling long distances can have.

- 7.1.2. The preferred bidder will also collaborate with both landlords regarding scheme-based environmental initiatives including guidance and support for residents on recycling as well as scheme-wide energy efficiency. The bidder suggests that they will work with local agencies and groups such as Age UK to run sessions in the residences on keeping warm, maximising income and reducing living costs.

## **7.2. Procuring for a Better Society**

- 7.2.1. The Procurement Impact Assessment has highlighted the positive effect that this contract may have on the local economy. The market informed Commissioners that a longer contract provides higher levels of staff retention, meaning reduced turnover and the ability to retain motivated, well-trained and qualified staff.
- 7.2.2. As stated above, bidders were asked to demonstrate Social Value as part of the procurement criteria. Delivery of social value will be managed through contract management procedures. Commitments made by the successful bidder include: recruitment of local people, thereby reducing travel and supporting local communities. Employment opportunities will be made visible and accessible for people who have been long-term unemployed, as well as young people without qualifications and those who are not in education, employment or training. The preferred bidder will also recruit via local JobCentres and has committed to attending careers fairs in Hackney, hosting visits from jobseekers, and establishing a connection with Hackney Works to publicise vacancies. Word-of-mouth, whereby employees living locally are rewarded for referring friends and family who are successful in securing positions, will provide further social value. In addition, internal promotion through career pathways provide lifelong skills, qualifications and employability, and encourage the development of the local care workforce as an attractive career for local residents. The preferred bidder has confirmed that it will pay staff on this contract the London Living Wage as a minimum.
- 7.2.3. The preferred bidder has proposed to deliver talks at local colleges (e.g. New City College's Hackney Campus) and will attend careers fairs or events hosted by the College. The preferred bidder will attend forums and supplier engagement events with local businesses and suppliers to make opportunities available to them.

## **7.3. Procuring Fair Delivery**

- 7.3.1. A full Equalities Impact Assessment has been completed for this service and was attached to the business case report. No negative issues were identified for people with protective characteristics. Potential impacts for people with protected characteristics would be monitored and any negative impacts managed through the new contract to ensure policies and procedures are upheld and monitored across the service. This will include the preferred bidder's recruitment and staff policies. The preferred bidder also stated that it is registered as a Dementia Friendly organisation and will provide specialist support to residents with dementia.
- 7.3.2. In addition to these benefits, the preferred bidder has confirmed the following points.
- The organisation already works actively with voluntary and community sector organisations in Hackney, which helps its staff to support service users and carers through appropriate signposting and direct support to benefit from resources in the community. For example, at a similar service in another area, the preferred bidder shares building space and provides support to a local Seniors Club.

- As part of health action plans, the preferred bidder will support service users at each scheme to eat healthily, exercise, attend primary care appointments and access wider support for health and wellbeing (e.g. smoking cessation). Input from specialists such as dieticians will be incorporated into day-to-day work. The preferred bidder will also encourage the uptake of annual health checks and will provide advocacy and support.
- As part of meaningful daytime activities, the preferred bidder will work with residents to explore the possibility of voluntary work. This will take place alongside encouragement, advocacy and support to access communities generally.

## 8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

8.1. The following options have been considered and rejected.

Option	Advantages	Disadvantages	Rec
i. Do nothing	The contract had come to an end and a decision on future delivery needed to be made. Doing nothing was not a viable option.		
ii. Open procurement for a single provider	<p>Open procurement would allow the local authority to test the market, ensure a competitive hourly rate and also allow residents to take part in choosing who provides their care.</p> <p>Helps to shape and develop the market in line with the Council's duty under the Care Act 2014, Section 5. This section of the Act sets out duties on local authorities to facilitate a diverse, sustainable high quality market for their whole local population.</p> <p>Allows for new and innovative organisations to access the local market for homecare provision.</p>	<p>Market forces can reduce prices in a way that does not always balanced adequately by changes in quality.</p> <p>This option does not support the Mayor's manifesto commitment "to review all outsourced services, including in adult social care, with a view to bringing them in-house as well as looking at new forms of employee ownership and co-ops where this is not possible."</p>	□
iii. Bring service in-house	At the time the business case was being developed CQC evaluated the t Provider Services as inadequate and in order to fully commit to service improvement it was agreed that no further		

	<p>services would be brought in house until such time as the CQC assessment was improved.</p> <p>Hackney Council is signalling its intention to the market about its ambition for future growth in the provision of extra care, However, this is balanced alongside the Mayor's manifesto commitment to review services with a view to bringing them in house. This current approach allows the Council to build knowledge about the ability of the market to deliver effective extra care, whilst our in-house service is reviewed. A further options appraisal will be undertaken subsequent to that review of in-house services, incorporating knowledge gathered from delivery of this contract by the preferred bidder.</p>		
--	--	--	--

## 9. TENDER EVALUATION

### 9.1. Evaluation

- 9.1.1. Care services are classed as Schedule 3 services under the Public Contracts Regulations 2015, and therefore come under the “Light Touch Regime”. A single-stage procurement process comprising two parts was used for this tender. The two parts were a Selection Questionnaire and Method Statements. Bidders were required to respond to both sections and pass all questions under the Selection Questionnaire in order to be considered for the tender.
- 9.1.2. A full specification and set of tender documents were available with the advert, following a notice being published in the Official Journal of the European Union (OJEU).

- 9.1.3. The Group Director for Children, Adults and Community Health approved the Business Case and granted permission to go out to tender in March 2019. An advert was placed on the Council website and additionally the “Contracts Finder” website.
- 9.1.4. 11 submissions were received in total. Following a full assessment of the Selection Questionnaire, 10 submissions had passed all the related questions. The Selection Questionnaire also assessed technical ability, financial standing, and insurance criteria, in line with the Crown Commercial Service format of the Selection Questionnaire.
- 9.1.5. There were five core members of the tender panel who evaluated all of the questions (excluding the financial scoring). The Panel comprised staff from the London Borough of Hackney’s Adults Commissioning and Social Care teams, as well as Peabody and Anchor Hanover as the landlords for both schemes. The tender Evaluation Core Panel included the following staff:

Interim Strategic Commissioner
Senior Commissioner for Older People and Long Term Care
Landlord Representative from Anchor Hanover (for Limetree Court)
Landlord Representative from Peabody (St Peter’s)
Social Work Practice Manager

- 9.1.6. A further panel of residents and their families was established to inform this procurement. This panel met for two full days and scored responses given by each of the 10 bidders to the question “what makes you the best company to provide our care?”. Each bidder was invited to present its answer to this question via a 15 minute presentation. More than 20 residents and their family members attended on both days and residents were given the opportunity to ask follow-up questions to panel members. A list of all the questions residents wanted to be answered was then sent to each provider for a written response.
- 9.1.7. Commissioners and Procurement staff went back to the residents to give them feedback about the companies’ written responses. Residents thanked the team for being able to take part in the process and fed back that they felt their views had been valued.
- 9.1.8. All evaluation panels were supervised by a Procurement Manager.
- 9.1.9. The tender was evaluated on the following criteria.

<b>Scoring Criteria</b>	<b>Score</b>	<b>Sub-Score</b>
<b>Quality</b>	<b>70%</b>	
Delivery Part 1		10%
Delivery Part 2		10%
Delivery Part 3		10%
Quality and Outcomes of service Part 1		15%



Quality and Outcomes of service Part 2		15%
Safety		15%
Sustainability and Social Value		5%
Transition		10%
Presentation		10%
<b>Price</b>	<b>30%</b>	
Core		16%
Additional Support		14%
	<b>100%</b>	

9.1.10. Responses to method statements were scored using the following scoring mechanism:

<b>Score</b>	<b>Rating</b>	<b>Criteria for Awarding Score</b>
0	Unacceptable	No response to the question or the response is highly inaccurate.
1	Poor	Limited response provided or a response that is inadequate, substantially irrelevant, inaccurate or misleading.
2	Below expectations	Response only partially addresses the question.
3	Satisfactory	An acceptable response submitted in terms of level of detail, accuracy and relevance. The response is good but there are either some omissions of important factors or negative indications that reduce the extent to which the project aims will be achieved.
4	Good	A comprehensive response submitted in terms of detail and relevance and clearly meets the project aims with no negative indicators or inconsistencies.
5	Excellent	A more than comprehensive response submitted in terms of detail and relevance with no negative indications or inconsistencies.

9.1.11. The price score was evaluated on two separate elements. (a) Core costs at 16% on the average annual cost of the core contract over the full 3 year period and (b) the additional support hourly rate at 14% based on the lowest hourly rate.

## 9.2. RECOMMENDATION

- 9.2.1. The tender panel recommends that **Bidder B** is awarded the contract for Care services at Limetree and St Peter’s. Bidder B demonstrated that it would be able to meet the full requirements of the specification. The provider is a local provider with a CQC rating of “good” and with over 100 employees working in Hackney.
- 9.2.2. The preferred bidder’s vision is that people it supports are “empowered to be active members of their communities, free from barriers to achieving their potential or living life to the fullest. We put this into practice through services that are designed to:
- Include and involve the service user to the fullest extent, from planning their own care and support, through to delivery and wider service development
  - Promote independence, drawing on innovative approaches that motivate and empower each service user to maintain control of their care and their lives
  - Reduce isolation. We enable service users to benefit from circles of support and resources in their communities. As well as strengths- and outcomes-led support to gain the most from the resources available, we also look at how we can help shape the community.”
- 9.2.3. The preferred bidder delivered a good presentation to the residents, who liked its proposed “PASS system”. The PASS system is a digital care management platform that provides a single view of care records including enquiries, medication and task changes, and reviews, and automates some elements of the process of assessment, for example and individual requests for tasks to be changed. This means less time printing and disseminating, less time duplicating notes and less time on administration. Residents will be involved in developing their own care plans and residents liked the technology.
- 9.2.4. The bidder presented a detailed and relevant mobilisation plan alongside a realistic risk assessment with mitigation, giving commissioners reassurance that this organisation will be able to manage the transition of the service and any TUPE obligations of this contract.
- 9.2.5. The final scores are outlined in the table below.

<b>Tender Results</b>			
	<b>Quality</b>	<b>Price</b>	<b>Total Score</b>
Bidder A	40.60%	24.01%	64.61%
Bidder B	54.60%	29.03%	83.63%
Bidder C	57.40%	22.19%	79.59%
Bidder D	51.80%	19.29%	71.09%
Bidder E	51.10%	25.08%	76.18%
Bidder F	54.60%	18.89%	73.49%
Bidder G	44.10%	21.95%	66.05%
Bidder H	32.90%	21.78%	54.68%
Bidder I	56.00%	22.97%	78.97%

Bidder J	35.70%	20.59%	56.29%
----------	--------	--------	--------

- 9.2.6. London Living Wage: The bidders were asked in their tender submission whether they were committed to paying the London Living Wage, and all confirmed that they were.

## 10. CONTRACT MANAGEMENT ARRANGEMENTS

10.1. Resources and Project Management (Roles and Responsibilities) are set out below.

- The contract will be managed by the Strategic Commissioner for Older People and Long Term Care, which sits within the Adult Services Commissioning Team.
- Contract performance meetings will be held at least once per quarter, with more frequent meetings in the first few months. The Adult Services Commissioning Team has systems for performance monitoring, data collation and reporting as well as invoicing and this will all be set-up as standard for this contract. This is led by Quality Assurance staff within the Commissioning Team.

### 10.2. Key Performance Indicators (KPIs)

- 10.2.1. The KPIs will be monitored quarterly, and submitted to the Council in line with other contractual arrangements. Specific Key Performance Indicators for this service were set out in the Business Case for this service. These have been further refined and included as part of the service specification to ensure the Council captures the preferred bidder's offer under the Social Value question.

## 11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 11.1. This report seeks approval to award a contract for the delivery of care support services at Limetree and St Peter's extra care provision. The recommendation of this report is to award the contract to Provider B for a period of three years and the value over the life of the contract is £2.1m. This is made up of core care costs, and additional care which is based on the needs of service users as highlighted in section 6 of this report. As a result costs could increase or decrease during the life of the contact. Funding for each year of the contract is outlined in the table:

	Year 1	Year 2	Year 3	Total Contract Value
	£	£	£	£
<b>Price:</b>				
Core contract	284,531	285,191	294,013	863,735
Additional support (estimated)	405,200	421,356	438,210	1,264,766
<b>Total Price</b>	<b>689,731</b>	<b>706,547</b>	<b>732,223</b>	<b>2,128,501</b>

- 11.2. Although no direct savings have been attributed to this contract it is anticipated that care support services at Limetree and St Peter's will reduce the current spend in Adult Social Care, as the extra care services will mean that service users will avoid the need to be placed in more expensive residential care provision. Service users are also eligible for housing benefit in the two schemes, whereas in residential care the Council would be

liable for the accommodation costs. Throughout the three year life of the contract, contract and performance monitoring will need to be undertaken to ensure that residential numbers reduce as a result of this extra care provision.

- 11.3. The service will also deliver on the Mayoral commitment to promote independence in adult social care, by allowing individuals to maintain their own tenancies and deliver high quality services to those who need support. As noted in the report, this provision will also allow time for the in-house service to improve its CQC rating and refresh its operational model, in advance of a further options-appraisal that will revisit the prospect of bringing this service in-house.

## **12. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES**

- 12.1. The Business Case for care support services contract for Limetree Court and St. Peter's House was assessed as low risk by the Council and the Business Case was signed off by the Group Director of Children, Adults and Community Health in accordance with Contract Standing Order 2.8.1 on 22nd March 2019.
- 12.2. The public services contract in this Report is of a value higher than £2m and therefore under paragraph 2.5.3 of Contract Standing Orders the award of contract will need to be approved by Cabinet Procurement Committee.
- 12.3. Details of the procurement process undertaken by officers are set out in this Report. The proposed award to Bidder B follows a procurement process in respect of services which are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015.

## **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1 The care services outlined above support the Council with obligations it has to local residents. The procurement process used by the Council followed the open procedure and an OJEU notice was published.
- 13.2 The minimum contract value will be the price of the core hours: £863,735 over three years. This will cover the basic requirements that the Council has for care over the two sites. Residents will also benefit from the flex care which will be drawn down from the contract at an hourly rate. The estimated spend based on previous usage through this recommended contract will be £1,264,766. over the three year term. The flex hours will be agreed by the Commissioning Team and the tender process has made clear that these hours are not guaranteed in anyway and are based on the care plans, that are regularly assessed, of individual service users. The service area will need to monitor this closely.
- 13.3 The option to insource this service was given full consideration and will be reviewed again at least 12 months before this contract is due to expire. The in-house service which could have potentially fulfilled the care needs of St Peters and Limetree did not have capacity and the decision was made to go out to market.
- 13.4 The contract will be awarded for one year, with the option to renew for an additional two years.

## APPENDICES

### Appendix 1: Key Performance Indicators

#### EXEMPT

##### Exempt Appendix A: Shortlist, Longlist and Scoring Tables

By Virtue of Paragraph(s) **3** Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### CONFIDENTIAL

No

#### BACKGROUND PAPERS

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

##### Description of document (or None)

None.

<b>Report Author</b>	Gareth Wall/Mark Watson, 020 8356 4711 <a href="mailto:mark.watson@hackney.gov.uk">mark.watson@hackney.gov.uk</a>
<b>Comments for and on behalf of the Group Director Finance and Corporate Resources</b>	Naeem Ahmed, 020 8356 7759 <a href="mailto:naeem.ahmed@hackney.gov.uk">naeem.ahmed@hackney.gov.uk</a>
<b>Comments for and on behalf of the Director of Legal and Governance Services</b>	Patrick Rodger, Senior Lawyer Tel: (020) 8356 6187 <a href="mailto:Patrick.Rodger@hackney.gov.uk">Patrick.Rodger@hackney.gov.uk</a>
<b>Comments of the Procurement Category Lead</b>	Zainab Jalil, 020 8356 3590 <a href="mailto:Zainab.Jalil@hackney.gov.uk">Zainab.Jalil@hackney.gov.uk</a>

## KEY PERFORMANCE INDICATORS

	Key performance indicator	Initial target
1	Overall satisfaction and service provided	Extremely satisfied / Very satisfied 60%
2	All residents have up to date care and support plan with appropriate risk assessments	100%
3	Residents receive sufficient visits	90% Satisfaction
4	Residents receive same care workers Always / nearly always	90% Satisfaction
5	Care workers are obliging	90% Satisfaction
6	Care workers are responsive in emergencies	90% Satisfaction
7	Care workers are competent to undertake tasks	90%
8	Care workers encourage residents to do things for themselves	90%
9	Carers are in a rush	80% never
10	Excellent care workers	95% strongly agree / agree