

Provision of Extra Care for Limetree Court and St Peter's House**CONTRACT APPROVAL****Key Decision No. CACH R. 41****CPC MEETING DATE****15 February 2021****CLASSIFICATION:**

Open with an exempt appendix 1

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 appendix 1 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.

WARD(S) AFFECTED

All

CABINET MEMBER**Councillor Kennedy**
Health, Adult Social Care and Leisure**KEY DECISION**

Yes

REASON

Spending
<p>GROUP DIRECTOR</p> <p>Denise D'souza</p> <p>Group Director, Interim Group Director Adults, Health and Integration</p>

1. CABINET MEMBER'S INTRODUCTION

- 1.1. The Cabinet Procurement Committee is being asked to agree to the award of a contract via direct negotiation for the delivery of care and support at Limetree Court and St Peter's House extra-care schemes. Currently the Council is responding to major challenges including the COVID pandemic and this contract is urgently required to ensure a safe and effective service can be delivered.
- 1.2 These two schemes, Limetree Court and St Peter's House, are purpose built and of a high specification and demonstrate the Council's commitment for local residents to maintain their own tenancies and to have high quality housing, that is able to accommodate for future care needs of the residents. Both schemes are designed using the HAPPI standards (housing for ageing population) and St Peters in particular is designed for residents who are living with dementia - supporting one of the Mayoral priorities to ensure Hackney is a dementia-friendly borough.
- 1.3 In commissioning this service for local residents, the Council is signalling its intention and ambition for future growth in the provision of Extra Care to the market. However, this is balanced alongside the Mayor's manifesto commitment to review services with a view to bringing services in-house. The service proposed in this contract will enable the Council to ensure existing residents are safe and gain further intelligence which will include the ability of the market and our own in-house provider to deliver effective extra-care provision.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report seeks approval for the award of contract for the provision of extra care services at Limetree Court and St Peter's House in the London Borough of Hackney. The direct award enables the Council to respond to the pandemic and keep residents safe.

- 2.2 The Council vision is to ensure their residents are healthy, active and are as independent as possible. The vision is being supported through the delivery of the Extra Care Services set out in this report. These services enable the Council to meet its legislative duties that are laid out in the Care Act 2014 and is further supported through the Adult Social Care agenda of promoting independence.
- 2.3 The award demonstrates the Council's commitment to supporting residents to stay independent for as long as possible - and this also supports cost avoidance as it will avoid the need for individuals to be placed in more expensive residential care settings.

3. RECOMMENDATION(S)

- 3.1 **Cabinet Procurement Committee is recommended to award the contract for Extra Care services at Limetree Court and St Peter's House to Provider A. This is for the duration of two years, retrospectively commencing on 1st April 2020, with the option to extend for a further 1 year.**

4. RELATED DECISIONS

- 4.1 The first business case was signed off by the Director of Adult Services, Childrens, Adults, and Community Health Directorate, on 3rd May 2019. Key decision Ref CACH Q26

5. REASONS FOR DECISION/OPTIONS APPRAISAL.

- 5.1 In 2012/13, at the request of the Council, Family Mosaic (who merged with Peabody Trust and is now known as Peabody) was 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 Council then agreed to fund a further £300k in capital costs to ensure that the new service was designed specifically for residents with dementia and mental health issues. This was 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 House site. Separately, Hanover (who merged with Anchor Trust and is now known as Anchor Hanover) had also developed Limetree Court as a purpose built scheme and that presented an opportunity for Extra Care provision in both buildings to be delivered by one provider.
- 5.2 Extra Care Housing is housing designed with the needs of frail, older people in mind, 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 for longer, delaying and often completely avoiding the need for residential care. This model promotes the Council's vision to promote independence and to ensure that people are valued members of their community. This model also avoids higher cost placements in residential care.

- 5.3 Provider A has been delivering care and support at both schemes to date, on an interim basis. There are 43 flats for residents that are aged over 55 and with a care need. Facilities include a residents' lounge, guest room and laundry, plus attractive maintained gardens. An estate manager looks after buildings and grounds maintenance and repairs, as well as assisting residents to access further help and support if required. St Peters House has been designed for older people living with dementia, with 13 of the flats specifically assigned for people with care needs.
- 5.4 Before the pandemic, the medium to long term aim of the Council was for care at both schemes to be considered insourcing through delivery by the Council's Provider Services team in Adult Social Care. Currently, the Council is not in the position to undertake this objective as the service is being reviewed, particularly in response to recent CQC inspections. There are also a number of other factors outlined in this report (see 5.9).
- 5.5 In 2019, an open tender process was undertaken in order to select a suitable agency for three years to provide care and support across both settings on an ongoing basis until the Council was ready to in-source the delivery of care at both schemes.
- 5.6 The winning bid was significantly lower than the majority of other bids and this was interrogated and the contract awarded. However, the decision was challenged and further analysis revealed that the London Living Wage was not systematically applied across the bid and in consultation with legal colleagues, the bid was disqualified.
- 5.7 Following this, the Council took the opportunity to revisit the model and explore further innovation in the context of wider strategic objectives and the initial preferred commissioning option, which was for the provision of care services to be delivered by the Council's in-house Provider Services team.
- 5.8 As mentioned above, this preferred option could not be the immediate option due to the service's CQC inspection rating "Inadequate". While the department undertook a series of actions to rectify and improve their rating, at the time of the tender process, there was a re-inspection of the service. The rating improved to "Requires Improvement", which meant there were still some areas in the service that needed further work. The

provider at Lime Tree Court and St Peters currently has a good CQC rating and has worked well with the Council. The current CQC rating gives the Council some reassurance that the quality of care and support provided at these two schemes are of a good standard.

- 5.9 The outbreak of Covid-19 and the necessity to ensure the continuity of wider and urgent social care services has severely impacted this ambition with teams diverted to support care homes, those who are shielding and infection control. The situation is further exacerbated by the cyber attack which has impacted Council IT systems. The directorate is not currently able to put this service out to tender; the contract award enables stability of provision and continuity of staff and care for residents at a time of great change and uncertainty.
- 5.10 The pandemic has also delayed the overarching Housing with Care service review, which this service contract is aligned to. The Housing with Care Service review is an integral piece of work that needs to be carried out to explore how, if and when the in-house Provider Service Team could possibly deliver the care at Lime Tree Court and St Peters.
- 5.11 This review seeks to identify £1m. of savings over a two year period - 2021 to 2023. This saving target is part of the current saving programme for Adult Services.
- 5.12 The review itself has also been further complicated by the recent cyber attack on the Council which has meant that the data that would have been used to feed into the review is not currently available.
- 5.13 These factors impact our ability to review this service quickly. The current contract ended in March 2020. It is therefore requested that this contract award via direct negotiation, applies until at least 31st March 2022, with the ability to extend for up to a further 12 months to 31st March 2023 (i.e. Covid-19 pandemic and the current cyberattack on the Council) in order to enable continuity of service for our vulnerable residents as well as the completion of the Housing with Care service review as outlined above. This timeframe should also allow the department to fulfil its commitments to achieve savings and fully explore the possibility of the care provision being insourced and delivered by our Provider Services team. If the situation is stabilised earlier, e.g. through effective vaccination, the contract will be terminated earlier and the provision either re-tendered or brought in-house.
- 5.14 The current timeline for the Housing with Care review is as follows:

Task	Date
Desktop analysis	Jan - Apr 21

Review eligibility criteria	Jan - Mar 21
Best Practice and Benchmarking	Mar - Jul 21
Engagement	Jun - Oct 21
Options Appraisal	Jan 22
Development of new service model and further engagement	March 22
New Service model	Jan - March 23

6. PROJECT PROGRESS (SAVINGS)

- 6.1 All further developments have been listed in section 5 above.
- 6.2 The annual price for this contract is £466,254.48. If the contract is extended up to the full period allowable via extensions the total contract price could be £1.398m. However, further efficiency savings are being sought from this contract which will be delivered by a review of the way in which rotas and hours are allocated. This will be delivered in collaboration with the Provider and will enable us to learn lessons which we can apply to our wider Housing with Care review.
- 6.3 To ensure value for money on this contract, the service has been benchmarked against the market-tested hourly rates agreed through the current Home Care Framework. Further calculations have been undertaken to identify the actual hourly rate for the service, which equates to £18.07 per resident at each of the schemes. The figure has been calculated based on the total number of units in each of the schemes which is 82 units.
- 6.4 The Commissioning lead, has further negotiated a reduction in costs from April 2020. The reduction equates to 6% (£95,062) over three years. This reduction has been achieved by ensuring the service delivered by Provider A is delivered using extra care principles and provides a range of activities and support to all residents of the schemes, which would mean residents that are not currently known to Adult Social Care can also access the service provided by Provider A.
- 6.5 These activities support greater independence. It is also worth noting within the two schemes (Lime Tree Court and St Peters) that there are units that are occupied by residents that are currently not known to Adult Social Care, however, these individuals are still Hackney residents and if these residents require assistance and support the current Provider will provide it. Furthermore, it can also be stated by providing the service to this cohort of residents that are currently not known to Adult Social Care, there are elements of prevention (for these older residents).

- 6.6 As previously reported, this proposal is for an "invest to save" opportunity, which aligns with Commissioning's intentions in developing the extra care provision and maintaining independence in accordance with the Care Act 2014. By investing in this service model, the Council is both extending the duration in which Hackney residents are able to live independently, with support available when needed and to 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.
- 6.7 Further savings will be sought from the provider during the life-time of the contract and the provider is aware of this approach. The Commissioning team will work with Provider A to identify savings in the current costing models for the service and how provision can be delivered more efficiently while maintaining quality of care and support for residents. This will include a review of staffing rota patterns and establishing a core cost for the contract which will enable a minimum level of service and sustainability for the provider. Alongside this, we will develop a flexible element to support an individuals care needs as they need to be increased or decreased. The team will also be exploring whether there are alternative sources of funding to support this contract, for example working with Housing Needs to explore a concierge service to support night time support to the schemes. This learning around funding sources and staffing models and rota patterns will feed into the wider Housing with Care review.
- 6.9 Moreover, there is work to do within the Social Care department to promote this provision and make sure it is fully utilised and this will be a key piece of work in the first six months of the contract. A project working group comprising Finance, Commissioning and Social Care will be set up to address this - and this will feed in learning to the wider Housing with Care review. This will then support us to evaluate whether this service and the entire Housing with Care portfolio should be delivered in house or be recommissioned through competitive procurement.

7. SUSTAINABILITY ISSUES

7.1 Procuring Green

- 7.1.1 Provider A will continue to seek to recruit local staff wherever possible in order to reduce the impact travelling long distances can have.
- 7.1.2 Provider A 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. Provider A has also expressed a commitment to working with the landlords, local agencies and groups to run sessions for the residents of

both schemes on keeping warm, maximising income and reducing living costs.

7.2 Procuring for a Better Society

- 7.2.1 As previously reported, the Procurement Impact Assessment highlighted the positive effect that this contract may have on the local economy. The provider continues to employ local staff. This contract award will enable the same, high level quality of care to be delivered at both schemes ensuring continuity for the residents while mid to longer terms service arrangements are implemented.

7.3 Procuring Fair Delivery

- 7.3.1 Provider A currently pays its staff the London Living Wage as a minimum and will continue to do so for the duration of this contract. Provider A is also signed-up to the UNISON Ethical Care Charter.

7.4 Equality Impact Assessment and Equality Issues:

There have been no changes to the EIA and Equality Issues.

8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Option	Update	Advantage	Disadvantage
i. Do nothing	<p>The original STA has expired and cannot be further extended, therefore, this is not an option.</p> <p>A break in service is not acceptable as we cannot be without a care service in place for vulnerable residents at these schemes.</p>	N/A	N/A
ii. Open procurement for a single provider	A procurement process was undertaken but the contract award could not be implemented.	N/A	The requested contract duration has already commenced and the initial contract period proposed will finish in or around the timeframe it would take to undertake a re-procurement process and service implementation if awarded to a new provider. In addition, the timeframes

			<p>against the new service to be brought in-house may deem the contract duration uneconomically variable for bidding providers.</p> <p>The complexity of the current situation, re: COVID, cyber attack on the council means that it is not the right time to go out to procurement. In particular, we need to ensure effective infection control at these sites (e.g. staff stability)</p>
iii. Extend existing arrangement via negotiated procedure		<p>Enables continuity of care to be delivered to the residents at both schemes in the interim short-mid term; mitigates service disruption which re-procurement process</p> <p>Ensure effective infection control.</p> <p>Ensure staffing stability at time of pandemic.</p> <p>Extension period allows us to mitigate against further impacts of COVID - e.g. peak expected winter 2021/22</p>	<p>Risk of challenge from providers who bid for the previous tender</p>

9. TENDER EVALUATION

Evaluation:

Not Applicable

10. CONTRACT MANAGEMENT ARRANGEMENTS

Resources and Project Management (Roles and Responsibilities):

- 10.1 The service will continue to be monitored by Adult Social Care Commissioning's Quality Assurance Team. The monitoring is undertaken on a quarterly basis with a yearly contract review.
- 10.2 Furthermore, a work stream has been set up as part of the wider Housing with Care review to look at the model and further efficiencies to

be made at Lime Tree and St Peters. This will enable the Council to learn from the current Provider and consider the longer term future developments of how extra care services can be delivered in Hackney.

10.3 Key Performance Indicators:

	Main KPI Targets Set	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% report never
10	Excellent care workers	95% report strongly agree / agree

10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 10.1 The recommendation of this report is to award the contract for Extra Care services at Limetree Court and St Peter's House to Provider A for a period of two years, retrospectively commencing on the 01 April 2020 with an option to extend the contract for a further twelve months. The total contract value over the duration of the initial two year contract period is £932k, and the twelve month contract extension would cost a further £466k, bringing the maximum contract value to £1.398m.

- 10.2 By awarding this contract via direct negotiation it would ensure continuity of the service for our vulnerable residents, and support the Council in its response to the current Covid-19 pandemic in keeping residents safe. It will also allow sufficient time for Adult services to complete the Housing with Care service review in order to fulfil its commitments to achieve savings, as well as fully explore the possibility of bringing the service in-house as highlighted in section 5.13 of this report. The cost of the contract will be met from existing Adult Services resources.
- 10.3 It is also anticipated that the Extra Care provision at both schemes will reduce current spend in Adult Services, as this provision will mean service users will avoid the need to be placed in more expensive residential care provision. This will need to be monitored during the life of the contract to ensure that this is realised, and that residential numbers reduce as a result of this extra care provision.

11. VAT Implications on Land & Property Transactions

None.

12. COMMENTS OF THE ACTING DIRECTOR OF LEGAL & GOVERNANCE

- 12.1 The contract for Extra Care services at Limetree Court and St Peter's House expired in April 2020 and this Report sets out the reasons why it has not been possible to appoint a service provider to perform a service prior to such expiry nor in the period following such expiry. To undertake a procurement in order to appoint a short term provider to commence the service immediately would be economically disadvantageous for the Council in terms of the price of tenders received and is unlikely to meet the needs of the Council. Therefore it is proposed to extend the current contract whilst the Council undertakes a substantive procurement exercise for a future service provider as well as undertakes a review of the service to meet its obligations regarding in-sourcing some elements of the current service.
- 12.2 It should be noted that there is, therefore, some risk to the Council that a challenge to the award of the contract could come from competitors the Council have not approached to undertake the services. If such a challenge were successful it is likely that the Council would be liable to pay the lost profits of a party who has successfully challenged as well as the costs of bringing such a challenge and potentially a fine from the government for a breach of the Regulations. This should be considered in the decision to approve the award in this Report.

13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 13.1 The report describes the failure of a previous procurement award agreed by CPC for this service, delays to the review and recommissioning programme and proposed action to ensure continuity of service for vulnerable residents whilst this work is undertaken.
- 13.2 The value of the service is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime). This direct award carries some risk of challenge, as the service contracts have previously been extended without competition. However, the lack of internal resources to carry out the necessary service review and recommissioning due to the current pandemic and other factors set out in the report, support the request for a negotiated procedure without prior publication in accordance with Regulation 32, 2 (c).
- 13.3 The proposed contract will cover the period up to March 2023 and the contract will be awarded for 24 months (partly retrospectively), with an additional extension option of a further 12 months for contingency for further impacts of the COVID-19 pandemic and cyberattack. The duration of the contract will enable the service to review and implement re-commissioning options including the potential for delivering the service in-house in line with Mayoral priorities. A high-level timeline is provided for this review and will be fully supported by the Central Procurement Service.
- 13.4 Upon award, an Award Notice must be placed in Find a Tender in accordance with the regulations.

APPENDICES

Exempt Appendix 1

EXEMPT

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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

None

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