

## CABINET PROCUREMENT & INSOURCING COMMITTEE

### BUSINESS CASE (INSOURCING OR OUTSOURCING DECISION)

<b>Title of Report</b>	Adult Social Care Transformation
<b>Key Decision No.</b>	AHI S150
<b>CPIC Meeting Date</b>	17 April 2023
<b>Classification</b>	Open
<b>Ward(s) Affected</b>	All
<b>Cabinet Member</b>	Councillor Chris Kennedy, Cabinet Member for Health, Adult Social Care, Voluntary Sector and Culture
<b>Key Decision</b>	<p>Please select and delete the answer not required</p> <p>Yes</p> <p><b>Reason</b> Spending/or saving</p>
<b>Group Director</b>	Helen Woodland, Group Director for Adults, Health and Integration
<b>Contract Value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)</b>	The contract value will be based on a proportion of the total savings evidenced and achieved. The proportion will be determined as part of the tender. Savings estimated are between £7.6m and £11.6m per year. It should be assumed that standard rated VAT will apply to payments.
<b>Contract Duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)</b>	3 years

## **1. Cabinet Member's Introduction**

- 1.1. Cabinet Insourcing Procurement Committee (CPIIC) is recommended to agree to the Adult Commissioning team's request to go out to the market for a transformation delivery partner under the terms of the CCS Management Consultancy 3, Lot 3 framework to support the design and implementation phases of the Adults, Health and Integration transformation programme.
- 1.2. This programme of work is expected to realise savings for the Council as set out in the report, as well as improving outcomes for a potential 4,000 Hackney residents.
- 1.3. The recommendations propose a different approach to contracting in that a risk and reward approach will be implemented, ensuring payments to the provider are released when KPIs are considered to be on track and can be clawed back if the savings proposals are not met.
- 1.4. The transformation programme aims to tackle head on the resourcing challenges that Adult Social Care faces and will be a vital piece of work as we approach a new CQC inspection regime, the implementation of Liberty Protection Safeguards and impending ASC charging reforms.

## **2. Group Director's Introduction**

- 2.1. Demand for Adult Social Care services in Hackney is increasing at a time of reduced overall funding for local governments and additional financial pressures related to Covid-19 and the recovery from the cyber-attack.
- 2.2. In early 2022, the Council ran a competitive tender to appoint a strategic partner to support the diagnostic phase of an end-to-end transformation programme covering the assessment to identify opportunities, the detailed design and full implementation of those opportunities.
- 2.3. In Spring/Summer 2022, following the outcome of the tender process, the council appointed Newton Europe Limited to deliver a diagnostic assessment which identified opportunities to improve outcomes for residents through redesigning how care is delivered across the borough, helping people to stay independent, resilient and supported. These opportunities represent over £32m in benefit to the council over the next 5 – 6 years.
- 2.4. The Adults Health and Integration Directorate is now in a position to move into the design and implementation phase to deliver those opportunities, through the existing transformation plan.

- 2.5. The fee for the implementation work will be taken from efficiencies achieved and is based on a contingent fee model. 100% of the fee is at the provider's risk if the anticipated level of financial savings are not achieved. This includes changes to current practice to enable efficiencies, embedding this through different layers of staffing and an 18 month period of ongoing support following implementation of savings to ensure its remaining embedded into the Councils 'business as usual' practices. This work will also support in readiness for the reinstatement of CQC inspections of the Council's adult social care provision.
- 2.6. This report is seeking approval to go out to tender via framework mini competition for a delivery partner to support delivery of this next phase.

### 3. **Recommendations**

- 3.1. **To go out to tender for a delivery partner to support the design and implementation phases of the transformation programme using the Crown Commercial Service (CCS) Management Consultancy Framework 3, Lot 3 (Complex and Transformation). The contract will be for up to three years and the contract value will be capped at the price submitted by the winning bidder and released as savings are achieved.**

### 4. **Related Decisions**

- 4.1. Following a competitive tender process (contract ref DN599239) in February – March 2022, the Council selected Newton Europe as a strategic partner to deliver the diagnostic assessment phase.

### 5. **Options Appraisal And Business Case (Reasons For Decision)**

- 5.1. The diagnostic identified a number of areas that would benefit from a redesign of how care is delivered to residents, helping people to stay independent, resilient and supported across long term care, learning disabilities and commissioning.
- 5.2. The programme of work is expected to improve outcomes for a potential 4,000 Hackney residents. These opportunities represent an anticipated benefit to the council of up to £32m over the next 5 – 6 years.
- 5.3. In early 2022, the Council ran a competitive tender to appoint a strategic partner to support the first phase of a transformation programme to undertake a diagnostic exercise to identify opportunities for delivering improved outcomes for residents of the Borough who access Adult Social Care.

- 5.4. The Adults Health and Integration Directorate is now in a position to move into the design and implementation phase to deliver those benefits in partnership with a service provider who has sound experience and track record of delivering similar work in settings comparable to Hackney.
- 5.5. We want to deliver these improvements to residents in the quickest and most efficient way. If we don't engage a delivery partner, improvements would happen at a much slower rate and at a lesser impact.
- 5.6. If the Council attempted to undertake this work itself, we know from recent experience that the skills and experience required to undertake such work are not readily available in the market and that there is currently a high premium on people with transformation skills in adult social care, due to imminent preparation for social care reforms. The average day cost of one individual with the relevant skills set is around £600. To undertake a programme of transformation work of the scale required a team of at least 5 officers would be required. Over 3 years this equates to £870,000 per year, or £2.6m over 3 yrs (based on 270 days a year at £660 per day for 5 people). It would not be possible to recruit people on permanent contracts at this time, as the permanent workforce market in this area does not currently exist. Additional management capacity would also be required.
- 5.7. Through running a mini competition for this work, we intend to set out a number of criterias in the documentation so we anticipate receiving bids only from companies who can commit to our requirements. These will include a three year maximum timescale for the work to be delivered within and payments to the provider will be capped at the price included in the contract. An evaluation team will score bidders on both quality and price. If at the end of the 3 years it was considered appropriate to run a further separate procurement or vary the contract, this would be clearly redefined at that point and member sign off and engagement would be sought.
- 5.8. The engagement of a delivery partner will enable a truly independent view of our current practice, and will further help us prepare ahead of the forthcoming CQC inspections by better understanding our areas for improvement that we can begin mitigating. The diagnostic work has demonstrated the effectiveness of this approach and in order to move onto the delivery phase, this approach will also be required to maintain the effectiveness and pace. The diagnostic work has also shown that it is easier to undertake critical challenges and be visionary if not so close to the embedded practice as Council officers are.
- 5.9. There is a well developed market for these types of companies who routinely undertake similar work nationally, and consequently hold vast amounts of insight and information on areas of best practice elsewhere that the Council does not. This provides further opportunity for Hackney to test and learn from alternative approaches that are proven to be effective

elsewhere. We are also aware from the diagnostic tender that some companies have a track record of overachieving at no extra cost to the council and questions will be asked about this as part of the evaluation stage.

- 5.10. This transformation programme is in the main about demand management and cost avoidance. There would not therefore be money to reinvest in public services but it will ensure more costs are avoided that would impact upon spend elsewhere in the council.
- 5.11. The diagnostic has shown there is some poor practice embedded that requires culture change to improve. An external partner will be able to undertake this more efficiently and quicker than if Council officers attempt this. We anticipate the work to take 3 years for a delivery partner, but 5 years for the council to do this alone. It is further anticipated that savings / cost avoidance achieved would be significantly higher through the recruitment of a delivery partner. If the Council were to employ interim staff or staff on fixed term contracts, the work would have to be paid for regardless of outcomes achieved. Through recruitment of a delivery partner one of the stipulations in the contract will be that we are asking bidding providers to work on a risk reward basis, meaning if the agreed milestones are not achieved, there would be no cost to the council or the company would continue to work at no cost until such time as they are achieved.
- 5.12. The milestone objectives and payment schedules will be agreed with the selected provider up front following contract award. This work will be overseen by a governance group whose membership will include senior officers from ASC transformation, operations, commissioning and finance and where required, legal. This group will also track progress of the delivery partner in achieving the outcomes sought.
- 5.13. This joint cross departmental approach has been taken to develop the tender paperwork which is now at a point where all key officers are happy with it posing no risk to the council to go out to the market for this work.
- 5.14. **Benefits Realisation and Lessons Learnt**
- 5.15. This will be time limited transformation work to achieve improved outcomes for Hackney residents and efficiencies from within Adult Social Care budgets. It will improve systems and processes to enable these changes to be sustained in the longer term.
- 5.16. The Council and the appointed delivery partner will work together using the findings from the diagnostic as a basis, agreeing an implementation plan for the areas we want to take forward, setting baselines using existing data and targets for improvements, key performance indicators,

profile savings delivery for each area of savings and timeframes for each identified area to be agreed with the LBH management team.

5.17. The appointed delivery partner will be expected to work in partnership with LBH to deliver the identified changes which are mapped out as part of the work carried out in the design stage. This would include:

- Working with and training of LBH staff, in the Adult Social Care area, in identified improvement areas.
- Delivering the vision for change developed in the design phase and to track performance against identified potential and timelines.
- Capturing and reporting, at various levels, on both the improvements achieved and the associated savings that can be independently verified by Council finance officers.
- Making sure that the savings delivered as part of the delivery of this project does not translate into additional cost for other parts of the Council, in particular the ASC function.
- Flagging key risks and issues in the implementation process and providing a clear plan on how the project will be realigned to ensure that identified improvements and savings can still be achieved within agreed timelines.

5.18. As described in 5.16, measures will be agreed jointly post award. Some possible examples of measures might include:

- Long term care: improving decision making of professional health and social care staff working with acute hospital services and improved discharge arrangements. KPI = reduction in the weekly weighted cost of new packages of care.
- Long term care: improved decision making from within the community social work teams so that people receive the right services at the right time for independent lives and leading to a reduction in the cost of care packages.  
KPI = reduction in the weekly weighted cost of new packages of care.
- Long term care: improving the capacity and effectiveness of reablement services so that more people receive this support and are independent for longer.  
KPI = increased number of people completing a reablement episode per year.
- Learning disabilities: improved social work decision making from the community and transitions teams so that more people with a learning disability achieve improved outcomes and independence, leading to a reduction in the use of residential care.  
KPI = reduction in the weekly weighted cost of new packages of care.
- Learning disabilities: more people with a learning disability are supported through an enablement approach leading to more people living independently with an increased level of skills (progression services). KPI = reduction in the weekly weighted cost of new packages of care.

- Commissioning: reduction in voids.  
KPI = reduction in the weighted cost of voids per year.

The overarching outcome will be to deliver the opportunities identified in the 2022 diagnostic of London Borough of Hackney's Adults, Health and Integration Directorate, and unlock improved outcomes for residents through redesigning how care is delivered across the borough, helping people to stay independent, resilient and supported.

5.19. **Strategic Context**

5.20. This work will complement the existing ASC transformation programme, will ensure readiness for the forthcoming Care Quality Commission inspection and contribute to savings plans whilst at the same time improving outcomes for residents.

5.21. This work will be delivered as part of the Department's Transformation Programme, alongside other existing priorities. As the department has many other significant priorities to deliver between 2023-26, including social care reforms and liberty protection safeguards, ongoing prioritisation will be required, as will robust change management and communications with staff affected by, and involved in delivery of, the changes.

5.22. The service will continue to run while the implementation programme is happening. As operational staff will need to be involved in delivery of many of these changes, consideration will need to be given to balancing ongoing case work and day-to-day duties. A test and learn approach will help to identify demands on staff time and potential solutions on an ongoing basis.

5.23. **Preferred Option**

5.24. To appoint a delivery partner to work with the Council will enable the desired service improvements to take place at a faster pace and a higher quality.

5.25. Value will be provided through the delivery of improved outcomes for residents and efficiencies in adult social care spending.

5.26. The recommendations propose a different approach to contracting in that a risk and reward approach will be implemented, ensuring payments to the provider are released when KPIs are considered to be on track and can be clawed back if the savings proposals are not met.

5.27. **Alternative Options (Considered and Rejected)**

5.28. The following options were considered and rejected:

- 5.29. **Insourcing:** Council proceeds to implementation using internal resources. Internal teams do not have the necessary capacity or capability to deliver, and sustain, improvements alone or at pace. The Council does not benefit from wider delivery partner expertise (e.g. client networks, access to Senior Advisors), and associated skills transfer.
- 5.30. **Direct award** - Consideration was given to whether Newton Europe should be directly awarded the contract for the next phase of work given their work to date, level of understanding and ownership of the findings from the diagnostic. This was not considered the most viable option given the anticipated size of the contract and potential for further capability in the market.
- 5.31. **Do Nothing:** If the implementation phase is not taken forward – improvements in outcomes for residents in Hackney, and associated financial benefits, will not be achieved. Pressure on service capacity remains.
- 5.32. **Success Criteria / Key Drivers / Indicators**
- 5.33. The transformation work will be a success when the implementation plan has been actioned and intended outcomes are achieved.
- 5.34. **Whole Life Costing/Budgets**
- 5.35. The work will be funded from earmarked workforce funds in the short term and funded thereafter through savings realised in the adult social care budgets.
- 5.36. There are no capital or set up costs associated with the programme.
- 5.37. A fixed fee will be agreed through the tender process to deliver the programme. The appointed delivery partner is being asked to place 100% of the programme fee at risk against delivering benefits; if the agreed recurring annualised benefits do not exceed the fixed fees for the assessment and the implementation phases, those fees would be reduced, through rebates, until they match the actual agreed benefits.
- 5.38. The commercial approach principles will include:
- 100% of fees at delivery partner's risk if identified financial benefits aren't realised.
  - Fees are capped and will not exceed amount quotes, including in instance of over delivery of savings.
  - The fee guarantee is based on benefits delivered, rather than benefits identified.
  - Break clauses inserted into the contract to allow early termination at key milestones.
  - Transparent benefit measurement.



- Pre-planned invoicing schedule with checkpoints.
- Robust benefits tracking.

If savings are not achieved or are deemed to not be achievable following commencement of the contract, the Council in line with the contract terms and conditions will have the right to terminate or to ask the delivery partner to work at no fee until such time deemed achievable.

The contract value stipulated is the maximum amount to be paid for this work, implementation will last 1-2 years with the core programme running for approximately 1 year. Timeframes may be changed by agreement without increasing cost.

Part of the implementation package included in the costs will be for ensuring sustainability within the council, changes to processes and practice and staff training so that new ways of working are 'business as usual' after the appointed delivery partner withdraws.

The implementation package will further include a series of "health checks", where the delivery partner will return and ensure everything is being effectively sustained. GDPR and Data Sharing agreements will cover this period of time so support can be easily provided on an ad hoc basis if required.

A mechanism for validating the delivery of savings identified will be incorporated into the contract.

#### 5.39. **Policy Context**

All changes delivered will be within the council's statutory duties in relation to delivery of adult social care. It will also support adult social care reforms work and enable preparation for the forthcoming Care Quality Commission regulatory inspections of Adult Social Care. Bidders will be asked to demonstrate how they will support delivery of the Sustainable Procurement Strategy.

### **Consultation/Stakeholders**

- 5.40. In the lead up to procuring a service, the Corporate Leadership Team have been involved in shaping what this should look like. Policy and Strategy Group members were consulted on 27th February and their feedback has been incorporated.
- 5.41. The transformation work itself will include engagement with the adult social care provider market and Hackney residents as appropriate.

5.42. **Risk Assessment/Management**

- 5.43. Delivery of the intended outcomes is dependent on procurement of a provider to carry out the implementation plan. If this does not happen, internal Transformation capacity is limited therefore the ability to deliver outcomes and in this timeframe will be severely compromised.
- 5.44. To be confident that the outcomes have been achieved, we will need to robustly record and track operational and financial metrics. Historic data was affected by the cyber-attack. The mitigation is that Mosaic recovery is now in place. Close working will be required between the implementation programme and continued Mosaic development teams to ensure effective tracking.
- 5.45. This programme requires input from a range of staff from across the department and there has been good engagement throughout the diagnostic phase. Without this engagement, delivery will be compromised. To mitigate this, ASC SMT will ensure communication about this programme is embedded across their services, and Service and Team Managers will identify and support staff to be involved as required.
- 5.46. Further risks may include risk of not achieving intended outcomes, risk of provider challenge, risk of not appointing a delivery partner and risk to delay in procurement exercise. See table below for mitigations.

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Ineffective recording and tracking operational and financial metrics	Low ▾	High ▾	Low ▾	Using mosaic data to set baselines and working closely with finance colleagues to verify
Non engagement of ASC staff	Low ▾	High ▾	Low ▾	No reason to expect this as engagement at diagnostic stage was strong. Continued comms around the work and intended outcomes
Risk to not achieving desired outcomes	Low ▾	Medium ▾	Low ▾	Payment would not be made to provider and diagnostic work has evidence base for potential for service improvements

Risk of unsuccessful provider challenge to the appointment process	Low ▾	Medium ▾	Low ▾	Rigorous procurement process in place with oversight from senior managers
Risk of not appointing a delivery partner	Low ▾	High ▾	Low ▾	Low risk as the market is well established and diagnostic phase demonstrated interest from the market
Risk to delay in procurement exercise	Low ▾	Low ▾	Low ▾	Low risk as a cross departmental approach has been taken to preparing for this and proposed timetable is considered achievable by all

5.47. Due to the potential value of the contract and its importance to the delivery of the transformation programme this procurement has been assessed as an overall “High” risk procurement, which means that both the Business Case and Contract Award Reports will be considered by Cabinet Procurement and Insourcing Committee.

5.48. **Insurance**

The Council will use the Crown Commercial Services insurance levels call off contract. Feedback on the Insurance requirements set out by the Crown Commercial Service has been sought by the Council’s internal Insurance team and this has been deemed as sufficient.

5.49. **Market Testing (Lessons Learnt/Benchmarking)**

5.50. We know there is interest from providers on the intended framework, five expressions of interest were received for the diagnostic work resulting in one effective provider delivering the support required.

5.51. **Savings**

5.52. The diagnostic work identified opportunities worth £8.9m p.a. but depending on external factors, may range between £7.6 – 11.6m p.a. The directorate may choose to put these savings towards meeting demand pressures, or reinvesting elsewhere in the service.

5.53. As detailed in other parts of the report, efficiencies will be tracked and payment made to the provider on a risk / reward basis.

- 5.54. As well as efficiencies, the project is expected to improve outcomes for people accessing Adult Social Care in Hackney, improve current systems and processes and ways of working for staff across the Adults Health and Integration Directorate.

**6. Income Generation**

- 6.1 Not applicable

**7. Sustainability Issues and Opportunities, Social Value Benefits**

**7.1. Procuring Green**

This is primarily a service contract that overall will have a limited environmental impact. As a minimum, the provider will be required to keep their records in a paperless format where possible and active travel options for staff will be encouraged. The following question will be asked of all bidding providers and evaluated as part of the contract award criteria. *Hackney Council believes that every contract should maximise social, economic, and environmental benefits to Hackney residents and/or businesses. Please provide an in depth explanation and commitments of how you will support the council's Sustainable Procurement Strategy across the lifespan of this contract.*

The full details are set out in the Council's Sustainable Procurement Strategy at <https://hackney.gov.uk/procurement-strategy>

Responses will form part of the contract and will be monitored accordingly..

**7.2. Procuring for a Better Society**

The following question will be asked of all bidding providers and evaluated. *Hackney Council believes that every contract should maximise social, economic, and environmental benefits to Hackney residents and/or businesses. Please provide an in depth explanation and commitments of how you will support the council's Sustainable Procurement Strategy across the lifespan of this contract.*

The full details are set out in the Council's Sustainable Procurement Strategy at <https://hackney.gov.uk/procurement-strategy>

Responses will form part of the contract and will be monitored accordingly.

**7.3. Procuring Fair Delivery**

The following question will be asked of all bidding providers and evaluated. *Hackney Council believes that every contract should maximise social, economic, and environmental benefits to Hackney residents and/or*

*businesses. Please provide an in depth explanation and commitments of how you will support the council's Sustainable Procurement Strategy across the lifespan of this contract.*

The full details are set out in the Council's Sustainable Procurement Strategy at <https://hackney.gov.uk/procurement-strategy>

Responses will form part of the contract and will be monitored accordingly

All staff employed to deliver this service will receive the London Living Wage as a minimum.

#### 7.4. **Social Value**

The following question will be asked of all bidding providers and evaluated. *Hackney Council believes that every contract should maximise social, economic, and environmental benefits to Hackney residents and/or businesses. Please provide an in depth explanation and commitments of how you will support the council's Sustainable Procurement Strategy across the lifespan of this contract.*

The full details are set out in the Council's Sustainable Procurement Strategy at <https://hackney.gov.uk/procurement-strategy>

Responses will form part of the contract and will be monitored accordingly.

#### 7.5. **Equality Impact Assessment and Equality Issues**

Through the initial competitive tender process for the diagnostic and the findings thereafter, no adverse effects on equalities were identified. The award will allow for identification of Hackney's most vulnerable service users and can therefore deliver positive outcomes as a result of the contract.

### 8. **Proposed Procurement Arrangements**

To request expressions of interest and then invite those providers to submit full bids via the CCS Management Consultancy 3, Lot 3 framework.

#### 8.1. **Procurement Route**

8.2. The procurement team will issue an Expression of Interest to all 30 suppliers that are under Lot 3 Complex Transformation of Crown Commercial Services Consultancy 3 RM6186.

8.3. Once interest is identified, we will run a mini competition via Procontract Portal seeking a delivery partner to support the design and

implementation phases of the Adults, Health and Integration transformation programme.

#### 8.4. **Resources, Project Management and Key Milestones**

Milestones	Dates
<b>EXECUTIVE MEETINGS &amp; KEY DECISION NOTICE</b>	17/03/2023
<b>Report approved and submitted prior to CPIC</b>	24/03/2023
<b>April CPIC - Approval to start tender</b>	17/04/2023
<b>Definition of Project Team and evaluation panel</b>	18/04/2023
<b>Issue EOI to framework providers</b>	18/04/2023
<b>Deadline for return of EOI</b>	28/04/2023
<b>Issue ITT to shortlisted providers</b>	02/05/2023
<b>Clarification requests cut off</b>	16/05/2023
<b>Deadline for Tenders</b>	23/05/2023
<b>Compliance checks and bids available to panel</b>	25/05/2023
<b>Evaluation of Tenders</b>	26/05 - 09/06
<b>Moderation date</b>	05/06/2023
<b>EMKDN deadline</b>	05/06/2023
<b>Internal sign off by areas as directors</b>	07/06-15/06
<b>Final CPIC report available pre-board meeting</b>	17/06/2023
<b>July CPIC - Approval to award</b>	03/07/2023
<b>Intention to Award Notification</b>	04/07/2023
<b>Voluntary Standstill (10 days)</b>	05/04 - 18/07
<b>Award of Contract</b>	19/07/2023

#### 8.5. **Anticipated Contract Type**

8.6. The Terms of the CCS Management Consultancy 3, Lot 3 framework will be used and tender documents will set out all necessary requirements to ensure best value for Hackney.

#### 8.7. **Sub-division of contracts into Lots**

Not relevant

9. **Contract Management (and Mandatory Use of the Contract Management System) & Service Management for Insourcing**

9.1 The contract will be managed by the Commissioning Team in AHI including KPIs, quality and progress against identified savings. Additionally there will be a governance steering group of senior managers who will oversee progress and delivery of the identified outcomes.

9.2 As there is no outgoing provider, TUPE is not applicable.

9.3 **Key Performance Indicators (including for Insourcing)**

9.4 As described in 5.16 and 5.18, measures will be agreed jointly post award. Some possible examples of measures might include:

- Long term care: improving decision making of professional health and social care staff working with acute hospital services and improved discharge arrangements. KPI = reduction in the weekly weighted cost of new packages of care.
- Long term care: improved decision making from within the community social work teams so that people receive the right services at the right time for independent lives and leading to a reduction in the cost of care packages.  
KPI = reduction in the weekly weighted cost of new packages of care.
- Long term care: improving the capacity and effectiveness of reablement services so that more people receive this support and are independent for longer.  
KPI = increased number of people completing a reablement episode per year.
- Learning disabilities: improved social work decision making from the community and transition teams so that more people with a learning disability achieve improved outcomes and independence, leading to a reduction in the use of residential care.  
KPI = reduction in the weekly weighted cost of new packages of care.
- Learning disabilities: more people with a learning disability are supported through an enablement approach leading to more people living independently with an increased level of skills (progression services). KPI = reduction in the weekly weighted cost of new packages of care
- Commissioning: reduction in voids.  
KPI = reduction in the weighted cost of voids per year.

The overarching outcome will be to deliver the opportunities identified in the 2022 diagnostic of London Borough of Hackney's Adults, Health and Integration Directorate, and unlock improved outcomes for residents through redesigning how care is delivered across the borough, helping people to stay independent, resilient and supported.

9.1. **Comments Of The Group Director Finance And Corporate Resources**

- 9.2. This proposal seeks approval to go out to tender for a delivery partner to support the design and implementation phases of a transformation programme within Adult Social Care over a period of three years.
- 9.3. The transformation programme aims to improve outcomes for residents and reduce the overall cost of care through transformed decision making and practice. The expected outcome of this process is that the care costs of individual residents are lower under the transformed process than they would have been under existing processes. These outcomes will be tracked via a series of key performance indicators (KPIs) to be agreed with the successful partner.
- 9.4. The savings modelled within the diagnostic review associated with this programme are mainly related to cost avoidance - i.e. the prevention of something happening that would have cost more than the actual outcome (e.g. for new service users who may currently have been referred to residential settings, people are instead referred into Housing with Care or homecare with lower costs associated).
- 9.5. The costs are avoided as a result of different decisions being taken around the care to be provided for people compared with current decision making. This may rely upon a different approach to managing the risks associated with people being cared for in the community as opposed to being cared for within a residential setting. The success of the programme will depend upon the chosen provider's ability to work with the social care professionals involved in the decision making process to safely address the balance of risk. Informal discussion with other local authorities that have undertaken similar service transformations in adult social care have been completed to inform the Council's strategy in this approach. It is noted that any savings in this space have largely focused on cost avoidance and not in reductions to existing service cost pressures.
- 9.6. The annual cost of the contract will have a ceiling based on a fixed price submitted by the potential partners as part of the tender.
- 9.7. Payments are linked to the improvements demonstrated by the KPIs and funding is released when KPIs are achieved and evidenced. Payments will be capped by the ceiling fixed price submitted. In this way, the cost of the contract can never exceed the value of efficiencies delivered. If no evidenced efficiencies are delivered, then there is no subsequent cost to the council. Therefore, the risk sits with the successful provider.
- 9.8. The budget for this programme is contained within the Care Support Commissioning expenditure budgets in Adult Social Care. The diagnostic review of current care costs estimated efficiencies of between £7.6m and £11.6m could be realised per year. The argument is that without this



programme, these costs would be incurred and be funded from the Care Support Commissioning budgets. Efficiencies achieved via the programme are shared proportionately between the council as cost avoidance and as payments to the partner.

- 9.9. There are two key financial risks within this proposal that will need to be managed carefully. The first is that of ensuring a causal link can be demonstrated between the improved/redesigned process and the decision making that resulted in the outcome being claimed. i.e. that the outcome was a result of work undertaken and not for other interventions.
- 9.10. The second is that the process to demonstrate and calculate the KPI is robust and transparent. The cyber attack on the council's IT systems has meant that historic data records of care costs are not as robust as they were prior to the attack. Claims for fees by the partner will rely on historic trends of care projected forward.
- 9.11. In addition to the governance around delivery of this programme, the Group Director (Finance & Corporate Resources) is reinforcing budget monitoring and tracking arrangements in Hackney to ensure plans are kept on track and for respective services to report on delivery of agreed savings and other cost reduction measures.
- 9.12. There are significant savings required in future years detailed within the medium term financial plan. (As at March 23 the mid-case estimate of the budget gap is £22.2m in 2024/25, £39.7m in 2025/26 and £57.6m in 2026/27). Savings achieved via this programme will be able to contribute towards closing these budget gaps. Adult Social Care is consuming a growing proportion of the council's budgets for growth on a relatively low base of people. So it is key that measures are taken to control and contain the demand pressures that result in increasing costs. Children's Social Care is facing similar pressures.

## 10. **VAT Implications on Land & Property Transactions**

- 10.1. Not relevant.

## 11. **Comments Of The Director, Legal, Democratic & Electoral Services**

- 11.1. Paragraph 2.7.6 of Contract Standing Orders states that all procurements with a risk assessment of "High Risk" will be overseen by Cabinet Procurement Committee (now Cabinet Procurement and Insourcing Committee) and therefore this Business Case Report is being presented to Cabinet Procurement and Insourcing Committee for approval.
- 11.2. The value of the fees for the services in this Report will be above the current threshold of £213,477 under Regulation 5 of the Public Contracts Regulations 2015. However it will not be necessary to publish a contract

notice in respect of the procurement of these services as it is proposed to use a framework established by Crown Commercial Service to undertake a mini-competition to award the services contract. Use of a framework would be subject to the provisions of Regulation 37 of the Public Contracts Regulations 2015 which allow a contracting authority to acquire services from a centralised purchasing body.

12. **Comments Of The Procurement Category Lead**

- 12.1. Under the Contract Procedure Rules, local authorities may use a framework agreement set up by a public sector body where that framework agreement has been procured in accordance with the Public Contracts Regulations 2015.
- 12.2. The recommended use of Crown Commercial Service is compliant and can be used by the Council, it offers us a variety of suppliers that can be competitively accessed based on their ability to deliver against our specifications.
- 12.3. The procurement department has been consulted on this tender and is providing assistance on the execution of the mini competition, specifications, timeline, system information, compliance checks, moderation, and audit trail documents to ensure the council will partner with the correct consultant on the implementation of such a relevant project.

**Appendices**

None

**Exempt**

None

**Background documents**

None.

<b>Report Author</b>	Jenny Murphy
----------------------	--------------

	<p>Assistant Director Strategic Commissioning, ASC &amp; Public Health</p> <p>Email <a href="mailto:Jenny.Murphy@Hackney.gov.uk">Jenny.Murphy@Hackney.gov.uk</a></p>
<p><b>Comments for and on behalf of the Group Director of Finance and Corporate Resources prepared by</b></p>	<p>Naeem Ahmed</p> <p>Director of Finance (Children, Education, Adults, Health &amp; Integration)</p> <p>Email <a href="mailto:naeem.ahmed@hackney.gov.uk">naeem.ahmed@hackney.gov.uk</a></p>
<p><b>Comments for and on behalf of the Director of Legal, Democratic and Electoral Services prepared by</b></p>	<p>Patrick Rodger</p> <p>Senior Lawyer</p> <p>Email <a href="mailto:patrick.rodger@hackney.gov.uk">patrick.rodger@hackney.gov.uk</a></p>
<p><b>Comments of the Procurement Category Lead</b></p>	<p>Leila Gillespie</p> <p>Procurement Business Partner</p> <p>Email <a href="mailto:leila.gillespie@hackney.gov.uk">leila.gillespie@hackney.gov.uk</a></p>