

Item No.:	Classification: Open	Date: 29 September 2016	Meeting Name: Strategic Director of Children's and Adults' Services
Report title:		Gateway 2 - Contract Award Approval Reablement Service, Intermediate Care Services and Neuro-rehab Intermediate Care Service	
Ward(s) or groups affected:		All	
From:		Head of Commissioning (Children's and Adults' Services)	

RECOMMENDATION(S)

1. The Strategic Director of Children's and Adults' services approves the award of four contracts for the Reablement Service, Intermediate Care Services and Neuro-rehab Intermediate care as set out in below each for a period of 6 months from 1 October 2016 to 31 March 2017. The details of the four contracts are set out below:
 - I. The re-ablement (borough-wide) contract, provided by Medacs Healthcare for an estimated contract value of £501,281
 - II. The intermediate care (north) contract also provided by Medacs Healthcare for an estimated contract value of £158,558.
 - III. The intermediate care (south) contract provided by Ark Homecare for an estimated contract value of £90,979.
 - IV. The Neuro-rehab intermediate care contract provided by Carewatch Lewisham Homecare for an estimated contract value of £93,337.

BACKGROUND INFORMATION

2. All four contracts are funded through the Better Care Fund (BCF) having previously been financed through a specific re-ablement grant paid to the council by the Department of Health.
3. Reablement is a short term rehabilitation service that can help elderly and disabled people regain independence after a period of sickness or incapacity and therefore effectively reduce the need for long term support. It is a demand led service area where the number of hours purchased varies according to the number and complexity of the care needs. The hours purchased for re-ablement initially increased during the period of this contract but has now steadied.
4. On May 23 2016 the council approved the Gateway 1 procurement strategy to undertake single supplier negotiations with the incumbent service providers. (Background Document – Gateway 1– Reablement Service, Intermediate care services and Neuro-rehab intermediate care- 11 May 2016).

5. In March 2015, Cabinet instructed the Strategic Director of Children and Adults' Services to cease an open procurement exercise for these services and to explore direct delivery options. The contracts detailed in the recommendations will ensure continuity of service whilst the council considers a number of options for future service delivery which will be reported to the cabinet in the near future
6. The council is working with the NHS in relation to the direct delivery options
7. These services operate at a close interface between the responsibilities of the council and the NHS. The Reablement Support Workers (RSWs) for these services work as part of integrated teams, comprising of both NHS and council staff.
8. The original contracts for this service expired on 1 July 2016, but had been extended twice by the Strategic Director of Children and Adult's Services whilst immediate funding and delivery arrangements were set in place, and to allow for a restructuring of pricing approach for re-ablement as a result of the challenging economic position in which the council finds itself.

Procurement project plan (Key decisions)

9. The timeline is set out below:

Activity	Completed by/Complete by
Original Forward Plan for Gateway 2 decision	20/04/2016
Approval of Gateway 1: Procurement Strategy Report	23/05/2016
Apply for general exemption in relation to decision maker for the Reablement decision (if required)	27/05/2016
Temporary extension of contract by the Strategic Director of Children and Adults' Services	1/07/2016
Further Temporary extension of contract by the Strategic Director of Children and Adults' Services	1/08/2016
DCRB (CAB) Review Gateway 2:	29/09/2016
Notification of forthcoming decision – Five clear working days	30/09/2016
Approval of Gateway 2: Contract Award Report	7/07/2016
Notification of award of contract subject to scrutiny	7/10/16
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/10/16
Contract award	21/10/16
Contract start date	22/10/2016
Contract completion date	31/03/2017

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

10. The single supplier negotiations with all three providers took place between May and August 2016 to ensure continuation of the service.
11. The negotiations took account of the latest increase in the London Living Wage. The outcome of the negotiations confirmed that the service models are not changing for the remainder of the financial year and confirmed the revised unit costs as set out under the finance section below
12. The maintenance of the current contractual terms will ensure these essential services continue to be carried out by the existing agencies whilst direct delivery of these services can be fully implemented.

Key/Non Key decisions

13. This report deals with one key decision. Reablement contract award to Medacs Healthcare. The other contract awards are not key decisions.

Policy implications

14. The re-ablement service is used by the council as a means to comply with its statutory duties under the Care Act 2014 which came into full effect in April 2015. One aim of the legislation is to support older and disabled people to retain as much independence at home as possible.
15. Reablement and intermediate care complements the aim of the Health and Well being strategy to promote resilience within the population and support the most vulnerable people.
16. Reablement is paramount in the council's approach in delivering the objectives of integrated care with the NHS as set out in the Southwark Better Care Fund (BCF).
17. Reablement and intermediate care is a key focus of the Future Vision for Adult Social Care 2016 and also a vehicle through which the council will meet on-going savings targets required within its social care budget (due to continued reduction in financial support received from central Government).

Tender process

18. A single supplier negotiation process was undertaken with the incumbent providers. The process was led by the council's commissioning staff, supported by operational managers from each of these services. Where required support was received from the council's finance and legal officers.
19. It should be noted that the council has undertaken a number of single supplier negotiations in relation to these services, and the service model and outcomes/outputs will not change.
20. However there was detailed scrutiny of unit cost being quoted for these services, which resulted in a rebuilding of the pricing structure for Medacs Reablement service to achieve a lower unit cost for the re-ablement contract.

Tender evaluation

21. Costing's for the other contracts were also assessed by officers within the finance department to ensure value for money was achieved. Details of the revised unit costs are set out in the Finance section below.

Plans for the transition from the old to the new contract

22. The delivery of the service will remain the same for all four contracts.

Plans for monitoring and management of the contract

23. The services will continue to be monitored by the council's children and adults ' contract team as well as day to day oversight of quality issues by the respective operational teams. This monitoring takes a number of different forms:

- Analysis of regular activity data provided by providers
- Responses and an overview of quality risk alerts raised against the service, and an assessment of the providers response to the issues raised by each particular QRA (Quality Risk Alert) and how they can improve their practice through any "Lessons learned."
- Feedback from operational colleagues
- Service users interviews where appropriate
- Visits to providers offices to interview staff and assess files
- Provider contract meetings
- Liaison and joint information sharing with Lambeth

Identified risks for the new contract

24. The risks identified have been set out below:

Risk	Risk Level	Mitigating Action
The provider agencies are not able to continue to deliver the service required by the council.	Low	<ul style="list-style-type: none">• All three provider care agencies have a satisfactory approach to partnership working that allows any issues the council identifies to be addressed.
Provider agencies unable to maintain an acceptable level of quality.	Low	<ul style="list-style-type: none">• All providers currently continue to maintain a satisfactory quality of service and officers will continue to assess and measure performance as part of the monitoring regime set out in the contracts.

Community impact statement

25. There is not thought to be any disproportional impact in relation to the following areas covered by the council's equality agenda: Race, Gender, Age, Disability,

Faith and Religion, Sexuality, Gender re assignment, Marriage and Civil Partnership, and Pregnancy and Child Care.

26. An equality analysis is to be carried out as part of the long-term proposal to deliver the services in-house.
27. The recipients of the service are overwhelmingly older people above pensionable age who are likely to be living with a disability or one or more chronic long term conditions. Most older people and younger disabled people aspire to maintain their independence and live fulfilling lives outside institutional care or hospital settings for as long as possible. These services help to deliver this aspiration.
28. All three providers hold acceptable equalities policies and codes of practice as part of their registration requirements with the CQC.
29. The majority of RSWs (Re-ablement Support Workers) are women and disproportionately made up of women from BME populations therefore compliance with the SECC has a positive impact upon these group of workers as well as the local economy.
30. These contracts will pass the newly launched Equality Standard.
31. It is noted that TUPE is likely to apply to this workforce if the service comes in house. The current workforce is employed under the SECC which includes the London Living Wage. All directly employed Southwark Council staff are employed at or above the London Living Wage.

Sustainability considerations

32. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations.

Economic considerations

33. The majority of RSWs tend to live locally and therefore the continuation of the current contractual arrangements will support the local economy and continue to provide social value within the borough.

Social considerations

34. All three providers have a satisfactory track record in delivering services to a diverse group of service users that would continue until the in house service model is implemented.

Environmental considerations

35. The providers will need to continue to demonstrate they have an acceptable environmental policy in relation to the delivery of services. The majority of RSWs use public transport to travel between service user visits. The providers are expected to use electronic mail and use a database for resources as far as possible in order to eliminate the unnecessary use of paper.

Market considerations

36. Nationally councils are still testing various service models to deliver rehabilitation with a considerable number of councils providing a direct service delivery model. Southwark council is currently exploring a direct delivery options for this service.

Staffing implications

37. The single supplier negotiations were resourced from within the existing staffing and resource complement.

Financial implications

38. The Department of Health Longitudinal Study of the financial gains of home care re-ablement (Pilkington 2011 - Back ground papers) estimates that 60 % of those who undergo re-ablement following an assessment of their suitability, have some form of reduction in their long term care costs.

39. A modelling exercise was under taken in Southwark in 2012 to inform the service model at that stage, concluded the following based on a snapshot of activity in June and July 2012 :

- About 35% of SU don't need an on-going care package for Reablement.
- About 58% don't for Intermediate care
- About 39% of SU have a reduction in care package hours for Reablement
- About 6.5% of SU are recorded as having a reduction for ICT
- No SU are recorded as having an increase for Reablement
- About 10% are recorded as having an increase for ICT

40. Since that time the role of re-ablement within the council has expanded to become a default position for assessments of needs. The longitudinal positive impact of this model has not however been comprehensively financially modelled, and the move towards direct delivery will have a stronger focus upon a selective model. Under the fresh approach, a criterion will be employed to ensure only those service users with the potential to benefit from a period of re-ablement will have access to the service, allowing the additional investment in their short term care approach to generate savings in their long term care needs.

41. The services are funded through the BCF. Cost pressures related to these single supplier negotiations centred primarily upon the impact for providers of the LLW increase set in November 2015.

42. Finance and commissioning staff continue to work closely with operational colleagues with regards to the plans for direct delivery models, and it is noted that this will include a review of a proposed change from the current "default" service model to a "selected" service model, which is likely to prove more cost effective for any future direct delivery team.

Investment implications

43. N/A

Legal implications

44. Please see legal concurrent below.

Consultation

45. Consultation has taken place to inform the procurement plan outlined in this report. Consultation has included Children's and Adults commissioning, operational, finance, procurement and legal colleagues

Other implications or issues

46. No other significant issues to note.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (08DK1617)

47. The Strategic Director of Finance and Governance notes the contents of this report, including that the extension will be funded by existing budget provision, with a small saving achieved.

Head of Procurement

48. This report seeks approval of the strategic director of children's and adults services to award four separate contracts to provide re-ablement services including intermediate care and neuro- rehab for a period of six months. The report confirms that each contract ranges in value from £90,979 up to £501,281.

49. Paragraphs 18 to 20 confirms that single supplier negotiations were undertaken with existing providers in line with the strategy detailed in the Gateway 1 considered at CAB on 23 May 2016.

50. Paragraph 23 details the contract management and monitoring arrangements that will be put in place for the six-month period, reflecting previous practice.

Director of Law and Democracy

51. This report seeks approval of the award of four contracts for the provision of re-ablement and various intermediate care services as described within paragraph

52. The relevant legal issues affecting the procurement process had been noted in the Gateway 1 report, including the classification of the services required under these contracts as "light touch" services under the current EU procurement regulations; the legal risks arising from undertaking single supplier negotiations in preference to conducting a competitive tendering exercise and the protective measures recommended to safeguard the council's position.

53. The report advises that long-term delivery options for these services are to be presented to Cabinet in November and officers should seek legal advice in connection with any further procurement which may be proposed following the Cabinet meeting.

54. The decision to approve the proposed contract awards is one which is reserved to the strategic director of children's and adults' services under the council's Contract Standing Orders ("CSOs"). CSOs also require that no contract shall be awarded unless the expenditure has been included in approved revenue or capital estimates

or has been otherwise approved by or on behalf of the council, and the report advises that the four proposed contracts are to be funded from the Better Care Fund.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature *Janet D. Quince-Thornton*
 Designation STRATEGIC DIRECTOR

Date 10/10/2016

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Reablement Service, Intermediate care services and Neuro-rehab intermediate care- 11 May 2016	Children and Adults Department Commissioning	Andy Loxton 53130
http://webarchive.nationalarchives.gov.uk/20110321200129/http://www.csed.dh.gov.uk/library/Resources/CSED/CSEDProduct/HRT/HRA Prospective Longitudinal Study Nov 20101.pdf		
\\Lbsmgh-fps02\commiss\NEW Commissioning\Long Term Conditions\Care@home\Governance\Gateways and Cabinet reports\Reablement Gateways\Gateway 2 Single Supplier June 2016		

APPENDICES

No	Title
Appendix 1	N/A

AUDIT TRAIL

Lead Officer	Dick Frak - Interim Director of Commissioning	
Report Author	April Ashley – Commissioning Officer - 0207 525 1453 Andy Loxton – Commissioning Manager - 020 7525 3130	
Version	Final	
Dated	29 September 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included

Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes/No
Corporate Contract Review Board	Yes	Yes/No
Cabinet	Yes/No	Yes/No
Date final report sent to Constitutional/Community Council/Scrutiny Team		Date/Month/Year e.g. 5 July 2010

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Reablement Home Care
Contract Description	Reablement service
Contract Type	Cost and Volume
Lead Contract Officer (name)	Andy Loxton

Lead Contract Officer (phone number)	0207 525 3130
Department	Childrens and Adults services
Division	Commissioning
Procurement Route	Single Supplier negotiation
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Call off
Supplier(s) Name(s)	Medacs Healthcare
Contract Total Value	£501,218.
Contract Annual Value	N/A
Contract Start Date	01 October 2016
Initial Term End Date	31 March 1917
No. of Remaining Contract extensions	0
Contract Review Date	N/A
Revised End Date	31 March 2017
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	Temporary Contract whilst the Council explores direct delivery service.
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.

Contract Name	ITC North
Contract Description	Intermediate Care service North
Contract Type	Cost and Volume
Lead Contract Officer (name)	Andy Loxton
Lead Contract Officer (phone number)	0207 525 3130

Department	Childrens and Adults services
Division	Commissioning
Procurement Route	Single Supplier negotiation
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Call off
Supplier(s) Name(s)	Medacs Healthcare
Contract Total Value	£158,558.
Contract Annual Value	N/A
Contract Start Date	01 October 2016
Initial Term End Date	31 March 2017
No. of Remaining Contract extensions	0
Contract Review Date	N/A
Revised End Date	31 March 2017
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	Temporary Contract whilst the Council explores direct delivery service.
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.

Contract Name	ITC South
Contract Description	Intermediate Care service South
Contract Type	Cost and Volume
Lead Contract Officer (name)	Andy Loxton
Lead Contract Officer (phone number)	0207 525 3130

Department	Childrens and Adults services
Division	Commissioning
Procurement Route	Single Supplier negotiation
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Call off
Supplier(s) Name(s)	Ark Healthcare
Contract Total Value	£90,979
Contract Annual Value	N/A
Contract Start Date	01 October 2016
Initial Term End Date	31 March 1917
No. of Remaining Contract extensions	0
Contract Review Date	N/A
Revised End Date	31 March 2017
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	Temporary Contract whilst the Council explores direct delivery service.
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.

Contract Name	Neuro-Rehab
Contract Description	Neurological Rehabilitation Service
Contract Type	Cost and Volume
Lead Contract Officer (name)	Andy Loxton
Lead Contract Officer (phone number)	0207 525 3130

Department	Childrens and Adults services
Division	Commissioning
Procurement Route	Single Supplier negotiation
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Call off
Supplier(s) Name(s)	Carewatch Lewisham Homecare
Contract Total Value	£93,337
Contract Annual Value	N/A
Contract Start Date	01 October 2016
Initial Term End Date	31 March 1917
No. of Remaining Contract extensions	0
Contract Review Date	N/A
Revised End Date	31 March 2017
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	Temporary Contract whilst the Council explores the future direction of the service with NHS partners.
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.

