

Item No.	Classification: Open	Date: 30 March 2017	Meeting Name: Cabinet Member for Adult Care and Financial Inclusion
Report title:		Gateway 1: Procurement Strategy Approval Reablement interim arrangements for the New Reablement Model	
Ward(s) or groups affected:		All	
From:		Strategic Director of Children's and Adults' services	

RECOMMENDATIONS

1. The cabinet member for adult care and financial inclusion approves the procurement strategy outlined in this report to undertake a single supplier negotiation with Medacs Healthcare to deliver borough-wide, staff based, New Reablement Services (NRS) from 1 April 2017 to 31 March 2018 at an estimated cost of £882k, with a provision to extend by a further year at an additional cost of £1.196m, making a maximum contract value of £2.078m.
2. The cabinet member for adult care and financial inclusion notes that a separate report is being considered by the strategic director of finance and governance for an hours based Old Reablement Service (ORS) from 1 April 2017 to 31 December 2017 with provision to extend for a three months at an additional cost of £299k making a projected total contract value of £882k.
3. The cabinet member for adult care and financial inclusion notes that the final approval of the Gateway 2 will be subject to the full funding for these services being secured through the NHS and council agreeing the use of the Better Care Fund (BCF) for this purpose.

BACKGROUND INFORMATION

4. Social Care Reablement Support aims to assist a person to regain independence in their activities of social care daily living, after an injury, illness or deterioration of a pre existing long term condition. The intervention is designed to be time limited (up to six weeks) and aims to reduce or cease the need for ongoing social care in the long term. The provision of Reablement support achieves better outcomes for the client and savings for the council's care costs.
5. The council currently holds three Reablement contracts with two separate Care Quality Commission (CQC) registered providers. All three contracts expire on 31 March 2017 with no provision to extend.
6. In March 2015 the cabinet agreed to cease the procurement of a borough wide reablement service and not to award the reablement contract to external suppliers. It also authorised the strategic director of children and adults services to explore the options for an in-house service delivering a reablement function and make recommendations for taking this forward.

7. Cabinet in March 2015 agreed to the existing contracts being extended until July 2016 to accommodate an analysis of direct delivery options. These contracts were then re-negotiated and, following approval by the strategic director of children and adults' services, new interim contracts with 4,000 hours per month minimum guaranteed hours were issued for 1 August 2016 to 31 March 2017. This was to accommodate further analysis of the future Reablement service model and allow for the conclusion of negotiations with Guys and St Thomas' (GST) Community Services, which are now in the process of concluding.
8. It is clear that the hours based Old Reablement Service (ORS) as delivered currently will not be required in the longer term, and this New Reablement Service (NRS) presents a model of working for the future. The requirement for this single supplier negotiation is to provide an increasing provision of the NRS, with a corresponding phased withdrawal from the ORS. Both ORS and NRS have a three month no fault break clause on the part of the council.
9. The decision set out in this report will allow the council to phase in and test a new overarching reablement service model. This will have a higher degree of integration with Guys and St Thomas' Community Services. This fresh overarching approach to reablement will be occupational therapy led and be more selective than the current council model. The new overarching reablement model will ensure that the service only identifies those frail and elderly people who have been assessed as having a clear and achievable independent living goal(s) that can be achieved following a period of reablement. Therefore the contract that will be negotiated with Medacs will be time limited. This time will allow the council to consider its options as how best to integrate Reablement Support Workers into the new service model. These options (which will include a direct delivery option) is due to be considered at the May 2017 Cabinet.

Summary of the business case/justification for the procurement

10. It is the council's intention to move to a new model of reablement based on the number of Reablement Support Workers (RSW). The council's intention with regards to its need for RSW's to support the NRS can be summarised as being to:
 - adopt a single service model for RSW's
 - to phase out the ORS by December 2017
 - to increase the capacity of the NRS.
11. This means that the council will phase out the ORS, and build up this NRS between April and December 2017, such that this ORS will cease by December 2017. It is anticipated that by January 2018, this NRS contract will provide all reablement services. However, given the significant number of variables in the mix, there is provision for the council and the provider to continue the ORS for up to three more months from January to March 2018 (if required).
12. The council's projected requirements for both services, are summarised in the table below, and show the gradually decreasing ORS and increasing NRS (this contract).

Requirements for RSWs under the New and Old Reablement Services

Dates	Old Reablement Service Projected Minimum Volume Requirements	New Reablement Service Projected Minimum Volume Requirements
April – June 2017	3000 guaranteed hours per month	20 RSWs
July – Sept 2017	2000 guaranteed hours per month	26 RSWs
Oct – Dec 2017	1000 guaranteed hours per month	32 RSWs
Jan – March 18	None – unless required to extend for three months	40 RSWs
April 18 – March 19	Nil Contract ends	40 RSWs

13. The single supplier negotiation approval sought in this report will therefore allow the council:
 - to determine the overall, scope, scale and volume of the NRS
 - to finalise and test the service model, scope and volume of activity required for the NRS
 - Based on that learning, to establish a New Reablement Service in 2018-19.
14. The council will need to ensure that any medium and long term contracting arrangements are sufficiently flexible to align with future partnership commissioning intentions for alliance contracting (with the NHS) of community services as well as being fully mindful of employment legislation in relation to dual workforce.
15. The final decision regarding what elements of the New Reablement Service that may be subject to direct delivery is due to be considered at cabinet in May 2017.

Market considerations

16. Reablement services are a distinct specialism within the private provider sector and the market for these services is still developing. Across London many reablement services are delivered in house by residual in-house care services, with a minority of councils procuring externally. More recently the market for reablement has developed somewhat, especially where Rehab Support Workers are provided by or commissioned by the NHS.
17. Medacs have maintained a good record of quality of care and continue to adopt a strong partnership approach with the council, with a willingness to address operational issues as they arise. Medacs have an Experian credit score of 100 (a score of 40 or less would present a risk for this form of service) when they were also assessed in November 2016. Medacs most recent CQC inspection (January 2016) ranked the branch from which its contracts are provided as being “Good”.

18. It is believed that it is in the council's best interest to maintain contractual relationships with a single provider, which is also consistent with the resources available to manage a contract of this size.
19. The council is also aware of the financial pressures facing the private care provider sector, and is monitoring this closely including undertaking regular credit checks with contracted providers.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

20. The main options, other than single supplier negotiation, were considered as summarised below:

Do Nothing	This is not considered an option as the council will continue to require when the contracts expire.
Conduct a competitive procurement to establish short term contracts to cover the period required	Timescales will not allow this procurement and would not achieve value for money as the market would show little interest in tendering for relatively short term contracts.
Seek to jointly procure with other councils	This approach would not achieve value for money for the council, as there would be very little interest from another local authority in a procurement to cover such a limited time period.
Bring In house	The council does not have the infrastructure to deliver these services in house and the costs are likely to be unaffordable at this current time.

Proposed procurement route

21. The proposed procurement approach is to carry a single supplier negotiation with Medacs. There has been intense scrutiny of the unit costs for these contracts over past years, and as such the council is confident that the single supplier negotiations will be completed swiftly, and will represent value for money for the council.
22. The council will need to ensure that any medium and long term contracting arrangements are sufficiently flexible to align with future partnership commissioning intentions for alliance contracting of community services, as well as being fully mindful of employment legislation in relation to dual workforce.

Identified risks for the procurement

23. The risks identified through these single supplier negotiations are set out in the table below.

Risk	Risk Level	Mitigating Action
Medacs is not able to continue to deliver the	Low	Medacs Healthcare have indicated that they would be willing to enter into single supplier

service required by the council.		negotiations in this area.
Medacs may require a higher unit cost on a reducing volume of activity	Low to medium	To be fully costed and ensure that this is covered through allocation of funding from the BCF
Medacs unable to maintain an acceptable level of quality.	Low	Medacs Healthcare has consistently maintained an acceptable level of quality.
Legal challenge.	Low	The short timescales for this contract and the fact that the council is currently procuring all of its other adult care contracts makes challenge unlikely. A notice will be published in the Official Journal of the European Union (“OJEU”) in line with the EU procurement regulations to limit this risk.

Key /Non-Key decisions

24. This is a non-key decision.

Policy Implications

25. The reablement 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 to support older and disabled people to retain as much independence at home as possible.
26. Reablement complements the aims of the Health and Well Being strategy to promote resilience within the population and support the most vulnerable people.
27. 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).
28. Reablement 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).
29. Reablement is a key focus of the council integration agenda with health in both operational practice and commissioning strategic planning and delivery, and remains a key component of the BCF programme in Southwark.

Procurement Project Plan (Non-Key Decisions)

Activity	Complete by:
CAB / DCRB Review Gateway 1:	25/01/2017
CCRB Review Gateway 1:	02/02/2017
Cabinet Member Briefing	07/02/2017
Publication of the notice of this decision	30/03/2017

Activity	Complete by:
Emergency extension of contracts due to delays in Better Care Fund Allocation	31/03/2017
TUPE Consultation period (if applicable)	31/03/2017
Approval of Gateway 1: Procurement strategy report	14/04/2017
Completion of tender documentation	28/04/2017
Publication of OJEU Notice (per risk table above)	17/04/2017
Completion of clarification meetings with the supplier	01/05/2017
CAB DCRB Review Gateway 2: Contract award report	17/05/2017
Approval of Gateway 2: Contract Award Report	1/06/2017
Notification of implementation of Gateway 2 decision	2/06/2017
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	19/06/2017
Debrief Notice and Standstill Period (if applicable)	31/03/2017
Contract award	01/07/2017
Add to Contract Register	01/07/2017
Place award notice in Official Journal of European (OJEU)	30/06/2017
Place award notice on Contracts Finder	30/06/2017
Contract start	01/04/2017
Initial Contract completion date	31/03/2018
Contract completion date – if extension(s) exercised	31/03/2019

TUPE/Pensions implications

See closed report.

Development of the tender documentation

30. As this is a single supplier negotiation based on existing contract arrangements, but with a new model of service, the documentation that is required will be at least a deed of contract variation, revised specification and revised pricing document. This will be drawn up by commissioning and legal officers.

Advertising the contract

31. N/A as this is a single supplier negotiation.

Evaluation

32. The single supplier negotiations will be undertaken by officers from commissioning and finance with support from operational, procurement and legal colleagues as required. These negotiations will aim to achieve a continuity of service but will address issues in relation to price and service development in order to achieve best value.

Community Impact Assessment

33. 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.
34. An equality analysis is to be carried out as part of the long-term proposal that will be considered by cabinet in May 2017.
35. 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.
36. The majority of RSWs are women, and from BME populations, therefore payment of the London Living Wage over and above the National Living Wage has a positive impact upon these group of workers as well as the local economy.

Sustainability considerations

37. 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

38. 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

39. The single supplier negotiations evaluation will ensure that providers have retained a good track record in delivering services to a diverse group of service users that would continue until the new direct delivery service model is implemented.

Environmental considerations

40. The provider will need to continue to demonstrate they have an acceptable green policy in relation to the delivery of reablement, intermediate care and neuro-rehab 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.

Plans for the monitoring and management of the contract

41. The supplier's current service provision is considered to be good. 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 from the provider
 - Responses and an overview of quality risk alerts raised against the service, and an assessment of the provider's 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 provider's office to interview staff and assess files
 - Provider contract meetings
 - Liaison and joint information sharing with Lambeth council.

Staffing/procurement implications

42. These are contained within existing staffing and resources complement of the Partnership Commissioning Team.

Financial implications

43. The funding for these contracts over recent years has come in the first instance from a specific Reablement grant paid by the Department of Health (DOH) to the council, and now is incorporated into the Better Care Fund (BCF).
44. Reablement is a core component of the BCF as it reflects the integrated approach and shared benefits for both the Local Authority and the NHS. The council and Clinical Commissioning Group (CCG) are currently awaiting the guidance from the DOH in relation to the BCF criteria for 2018-19. It is considered that reablement will remain core to the delivery of the BCF in Southwark moving forward.
45. Approval will not be sought for the outcome of the single supplier negotiation unless revenue funding for this service is confirmed to the council for 1 April 2017 from the NHS via the BCF.
46. As the service has been re-negotiated on a number of occasions by the council over recent years, there is a thorough understanding of the current pricing structures and unit costs.

Legal implications

47. In accordance with regulation 72(3) of the Public Contract Regulations 2015, an OJEU modification notice will be published. Other comments in the legal concurrent below.

Consultation

48. Consultation undertaken to inform the procurement plan of single supplier negotiations outlined in this report has included Children's and Adults commissioning, operational, finance, procurement and legal colleagues.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (CAS17/007)

49. The strategic director of finance and governance notes the procurement strategy outlined in this report to deliver a staff based new reablement service (NRS) from 1 April 2017, for between one and two years.
50. The award of the contract will not be confirmed until there is agreement to the use of BCF funds to pay for it.

Head of Procurement

51. This report is seeking approval of the procurement strategy to undertake single supplier negotiation with Medacs Healthcare to provide reablement services.
52. The report summarises the context for this service including the nature and delivery of current services for this vulnerable client group by Southwark.
53. Paragraphs 9 to 14 details the rationale for procuring these specialist services and the timeline for a cabinet decision to be made with regard to which elements of this service will be directly delivered by the council going forward. In addition these paragraphs also confirm the intention to establish a new and longer term service for 2018.
54. Paragraph 21 confirms the alternative procurement options that were considered and discounted including an option to deliver these services in-house.
55. Paragraphs 44 to 45 confirm the monitoring and management and staffing arrangements that will be established for the potential two year duration of the contract with a strong focus on quality risk alerts and information sharing with colleagues in Lambeth council.

Director of Law and Democracy

56. This report seeks approval of the procurement strategy for the delivery of borough-wide, staff based reablement services on the basis of single supplier negotiations with Medacs Healthcare.
57. The services comprising the proposed contract are such that their procurement is subject to the full tendering requirements of the Public Contracts Regulations 2015. This means that it would usually be necessary to seek expressions of interest through the publication of contract notice in the Official Journal of the European Union ("OJEU"). However, the Regulations also allow for contracts to be awarded following negotiation where particular circumstances apply, including where additional services from the original provider not included in the initial procurement have become necessary, where a change of provider cannot be

made for economic or technical reasons and would cause significant inconvenience or substantial duplication of costs for the contracting authority and where any increase in price does not exceed 50% of the value of the original contract. The Regulations also require that a contracting authority which has modified a contract in such case shall publish a notice to that effect in the OJEU.

58. The council's Contract Standing Orders ("CSOs") prescribe certain requirements to obtain quotes or tenders according to the estimated value of the contract. Where a different process is proposed CSO 4.9 provides that, in exceptional circumstances, an exemption from the usual procedures set out in CSOs may be sought in advance through a gateway report. Paragraphs 9 to 12 and 16 to 19 set out the circumstances and explain why a single supplier negotiation is required in this instance.
59. Section 149 of the Equality Act 2010 requires the council to:-
- have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and those who do not share it.
 - The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are protected in relation to (a) only.
60. The community impact statement at paragraphs 36 to 39 notes the likely effect of the proposed contract on both service users and RSWs, many of whom have a protected characteristic and also notes that an equality analysis will be undertaken as part of the preparation of the council's longer term procurement strategy, which will allow officers to demonstrate that due regard has been given to the Public Sector Equality Duty in making their recommendations for procurement. The decision maker should satisfy him/herself that this duty has been complied with when considering these recommendations.
61. CSO 4.5.2 (b) reserves to the relevant individual decision maker (the cabinet member) the decision to authorise this proposed procurement process, after consideration by the corporate contracts review board (CCRB) of the report.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 2 – Reablement Service Contract Award Approval – Cabinet 17/03/2015 (Item 16)	Children's and Adults Department Commissioning	Andy Loxton 020 7525 3130
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4868&Ver=4		

APPENDICES

No	Title
	None

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Cabinet Member for Adult Care and Financial Inclusion	
Lead Officer	Dick Frack - Interim Director of Commissioning	
Report Author	Andy Loxton, Head of Older People and Complex Needs PCT	
Version	Final	
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Key Decision?	No	
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
Contract Review Boards		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	Yes	No
Cabinet Member	No	
Date final report sent to Constitutional Team		28 March 2017