

<b>Item No.</b>	<b>Classification:</b> OPEN	<b>Date:</b> 29 <sup>TH</sup> JULY 2003	<b>MEETING NAME</b> EXECUTIVE
<b>Report title:</b>		BEST VALUE REVIEW OF RESIDENTIAL CARE FOR PEOPLE WITH LEARNING DISABILITIES - SELECTION OF PROVIDER FOR TRANSFER OF IN-HOUSE SERVICE	
<b>Ward(s) or groups affected:</b>		ALL	
<b>From:</b>		STRATEGIC DIRECTOR OF SOCIAL SERVICES	

### **RECOMMENDATION(S)**

1. The recommendations in this report are that the Executive:
  - a) That the Preferred Provider be approved
  - b) That a reserve Preferred Provider be approved
  - c) agree to Officers undertaking further detailed negotiations with the Preferred Provider (or the Reserve Preferred Provider) to provide and develop the residential care service for people with learning disabilities
  - d) agree to a process of formal consultation on the transfer of the residential respite service for people with learning disabilities at 19 Orient Street to a suitably qualified external provider and request a further report on the outcome of that consultation.

### **BACKGROUND INFORMATION**

2. The Best Value Review of Residential Care for People with Learning Disabilities along with the Final Vision and Implementation Plan was reported to the Ratification (Social Services) Sub-Committee on 21 March 2001. One finding of the Review was that the in-house residential care service, which currently provides for 49 residents in 9 homes in Southwark is not competitive and that cost and quality advantages may be gained by transferring the residential service to an established independent sector provider.
3. The provider will be required to deliver services to a high standard under contract to the Council and will be required to undertake reconfiguration of the service towards Supported Living. Final arrangements for the transfer are to be determined by negotiation with the preferred provider/providers. Committee agreed to a process of formal consultation on the proposed transfer, and requested a further report on the outcome. The consultation process was applied to all 9 long-stay homes providing residential care for 47 service users.
4. The outcome of the consultation process on the proposal to externalise the in-house residential care service was reported to Committee on 24<sup>th</sup> October 2001, and the proposed negotiated process and exemption from Contract Standing Order 24 to permit a Negotiated Procedure was agreed for the transfer of the homes. Committee also noted the White Paper 'Valuing People' issued in March 2001 and

the need for local authorities to develop more Supported Living options for people with learning disabilities as an alternative to residential care for this group.

5. Committee also instructed Officers to ensure that residents, advocates, relatives and carers were meaningfully involved in all stages of the process, and that the service would not be externalised without a further report to Members on the outcome of the tendering process.
6. A Carers Forum was established to complement the Officers Evaluation Panel and to oversee the process. A section 'What Matters Most to Service Users' was drawn up by Camberwell Advocacy Office following direct consultation with those people living in the houses and included in the contract specification. Tenderers were subsequently asked specifically to address the issues raised by this means in their tender documentation, and the Carers Forum assessed the adequacy of their responses to these issues.
7. The procurement process commenced with an advertisement in October 2001 for expressions of interest. The Council received 68 responses to this advertisement and 26 completed pre-qualification questionnaires covering all areas of the organisations' operations. The first stage evaluation, undertaken against minimum criteria of organisational experience, stability, capacity and quality, resulted in a short-list of 11 organisations. Specific reference was made to organisational experience in managing transition from residential to supported living services. In October 2002 the 11 organisations were invited to submit tenders based on a draft contract and service specification as a basis for competitive selection and subsequent negotiation. 4 single organisations and 1 consortium of 3 organisations submitted tenders against the draft contract and service specification. Each tender responded to the specification requirement for innovation in service provision in relation to the development of supported living options with a detailed plan for the implementation of the change.
8. These 5 tenders were then put through the second stage evaluation. The evaluation process used quality and cost as the core criteria for considering and comparing the bids. The process included detailed evaluation of the submitted documents and the involvement of services users and carers in directly assessing the organisations and the services they provide through presentations and service visits. Best and Final Offers were invited from a final shortlist of 3 organisations, and these were submitted on 3<sup>rd</sup> June 2003.
9. Following the detailed evaluation, it has been concluded that one care provider organisation offers the right balance of quality, cost and added value for the service with another care provider a close runner-up. If members agree the recommendations, Officers will enter into further detailed negotiations with the preferred provider (and/or the reserve provider if those negotiations fail) to finalise and complete the contractual agreement.
10. In externalising this residential service the Council is seeking to improve the quality and range of services currently provided through the added value that an external provider would be able to bring to the in-house service, and specifically to enhance its capacity to provide local supported living options. The procurement process has been designed to secure this approach so that the best provider is selected to deliver the residential service and to develop it in line with the Best Value Review of Residential Care for People with Learning Disabilities and the White Paper 'Valuing People'.

11. The residential respite unit at 19 Orient Street, run by the Community Care Division of the Social Services Department, provides for places at any time for adults with learning disabilities and four places for children.
12. The service at 19 Orient Street was not included in the Best Value Review of Residential Care for People with Learning Disabilities as the latter was concerned with long-stay residential services for adults, rather than short-stay respite care for children and adults providing carers with a break. Although the respite service differs from the residential care service in that it focuses on continuity with care provided at the service user's own home, the service standards are those regulating residential care and it is managed and funded in-house to the same standard as the residential care service. It is therefore anticipated similarly that cost and quality advantages may be gained by transferring the service to a suitably qualified and experienced independent sector provider. In addition, with the proposed transfer of the in-house children's homes and learning disabilities day and residential services, no specialist capacity would remain for the ongoing direct management of this service in-house.

## **KEY ISSUES FOR CONSIDERATION**

### **The Best Value Review**

13. Residential Care for People with Learning Disabilities was selected as a pilot Best Value Review in 1999. The service provides residential care for approx. 360 Southwark residents who have varying degrees of learning disability which require substantial levels of support to assist them in daily living. This service was selected for early review because it was known to have comparatively high unit cost, and a lack of capacity to meet Southwark's needs with services of the appropriate quality, given the vulnerability and high needs levels for this client group.
14. Under the Best Value Review, the residential service for people with learning disabilities was the subject of a fundamental performance review that identified how the service may be made more responsive, efficient and effective by:
  - Challenging the nature and purpose of the service
  - Consulting with users and other stakeholders of the service
  - Comparing the quality and cost of services with others
  - Ensuring services are competitive
15. The key findings of the review were reported to Committee on 21<sup>st</sup> March 2001. These were as follows.
16. There was support for the continuation of the small scale domestic-style provision of residential care, reflected in consultation findings which indicated generally high levels of user and relative satisfaction.
17. There was a need for some of this residential care provision to be re-configured to operate as Supported Living schemes to benefit from some of the advantages of this model over traditional residential care for some service users.
18. More local capacity needed to be developed to enable more service users to be placed in or near Southwark. Many of the 50% of service users placed outside of

Southwark live in lower quality models of service such as large-scale residential care homes, where service quality is also more difficult to monitor.

19. Local services need to be developed to better meet the needs of more highly dependent service users, and also those with lower needs who may be supported to live at home.
20. There needs to be a more diverse and competitive market in or near Southwark with more providers and more types of provision, including greater availability of Supported Living.
21. The service vision identified a need for capital investment in local services to achieve the changes in service delivery, along with a Commissioning and Care Management function to implement comprehensive quality monitoring mechanisms for services not subject to the controls of the National Care Standards Commission.
22. Southwark had one of the highest average unit costs for residential care for people with learning disabilities in the country, reflecting a number of high cost factors including:
  - the high costs of the in-house residential care service
  - the prevalence of the small domestic scale of provision locally, which tended to be a high cost/high quality model
  - the lack of diversity in provision, both of provider organisations and of limited supply of supported living options
23. The Best Value Review Vision for this service set out procurement options for this service, which identified the transfer of the in-house service to a suitably experienced provider following a competitive process as the option most likely to provide Best Value. The provider would be required to deliver services to a high standard under contract to the Council and to undertake reconfiguration of the service towards Supported Living in line with the Best Value Vision. It was noted that any change in the residential service offered to service users would be subject to the proposed service addressing the assessed needs of the service users, and that formal consultation with users and their relatives would be undertaken before any decision was taken on the transfer of this service.
24. The option as set out in Para 16 above was adopted by Committee on 21<sup>st</sup> March 2001, with the outcome as reported below.

### **The Evaluation Model**

25. The Evaluation Model was developed in line with the requirements of the specification and in consultation with members of the Evaluation Panel and Carers Forum in determining its criteria for assessment and weightings. The Evaluation Panel, consisting of three officers representing Commissioning, Assessment, Finance and Direct Provider functions, project-managed the selection and consultation process.
26. The Carers Forum consists of carers and relatives of service users, and independent advocates and advised by a residential care manager and project manager. The Forum was joined by service users for a key Presentation day at which the three final shortlisted tenderers were assessed, and the Forum also

took a key role in the visits made to directly assess their services.

27. The quality evaluation at the first stage of selection for the tender invitation list was based on a system of scoring against 45 separate criteria concerned with the nature of each organisation and the quality of its operation and service record. The financial evaluation was based on the size, stability and financial standing of the organisations. The quality evaluation at Tender stage took account of tenderers' responses to the draft contract including the document 'What Matters Most to Service Users' and to the detailed information supplied about the in-house service. The evaluation at 'Best and Final Offer' stage took account of price and quality as indicated through visits to care homes and tenants in supported living and the presentations and documentation supplied by the tenderers.

### **Summary of the Quality Evaluation Results**

28. Details of the evaluation outcomes are set out in the closed item on this agenda.

### **Overview**

29. Details of the reasons for the recommendations are set out in the closed item on this agenda.
30. Final negotiations and bids will be based on the draft contract documentation and firm prices for Year 1 and full details of the service to be transferred including details of the staff to be transferred under TUPE. Officers would therefore not propose to make further reference to Members to finalise the negotiations, award or transfer of this service

### **Property Issues**

31. All three of the tenders were for care only, none of the tenderers being prepared to take on full-repairing leases for the nine homes involved in the transfer. Both Preferred Provider and Reserve Preferred Provider are however prepared to administer local minor repairs and liaise with the Council in relation to the ongoing Planned Maintenance Programme, Fire Alarm maintenance and other premises issues as they arise. An appropriate addendum to the contract would be established with the contractor to ensure that the respective duties of each party are identified and fulfilled.
32. In the longer term, further contacts would be made with appropriate housing agencies to determine whether alternative arrangements could be made for the disposal of the premises.

### **Financial implications (FI/NA/644)**

33. Both of the preferred providers have put in tenders within Southwark's current budget for running of the residential homes. There would therefore be no extra funding implications of the decisions to enter into contracts with either Preferred Provider and Reserve Preferred Provider.

### ***Policy implications***

34. This recommendation is in line with the implementation of the Best Value Review of Residential Care for people with learning disabilities by maximising a range of

support options for this group of people whilst addressing the issue of service costs and quality in the in-house service.

***Effect of proposed changes on those affected***

***Consultation***

35. In accordance with Council policy the full programme of information giving and consultation will continue. Progress reports on the proposal to externalise have been provided regularly through staff meetings and written news updates, and with the Trade Unions through the DLC, and a member of staff from the residential service has attended the Carers Forum to assist its discussion and promote good communication. The consultation and communication strategy including briefings, newsletters, and site visits will continue.

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

***Borough Solicitor & Secretary***

36. The concurrent report of the Borough Solicitor and Secretary is contained within the item on the closed agenda.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Finance Work Papers	Social Services - Strategic Finance Support	Nicholas Ajaegbu 553772
Contract Files	Provider Services Project Management	Hugh Bucknill 51663
Best Value Files	Best Value & Performance Review Mabel Goldwin House	Adrian Ward Ext 53720
Ratification (Social Services Sub) Agenda 21 March 2001	Co-ordination & Corporate Support Services Southwark Town Hall	Paula Thornton Ext 54395
Ratification (Social Services Sub) Agenda 24 October 2001	Best Value & Performance Review Mabel Goldwin House	Paula Thornton Ext 54395

## APPENDIX A

### Audit Trail

<b>Lead Officer</b>	Susan Harrison Assistant Director of Social Services, Community Care	
<b>Report Author</b>	Sarah Ford - Head of Learning Disability Services	
<b>Version</b>	Final	
<b>Dated</b>	21 July 2003	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Borough Solicitor & Secretary	Yes	Yes
Chief Finance Officer	Yes	No
Development & Regeneration Manager	Yes	No
<b>Executive Member</b>	No	No
<b>Date final report sent to Constitutional Support Services</b>	21 July 2003	