

# Open Agenda



## OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 7 February 2011 at 7.00 pm at Town Hall, Peckham Road, London SE5 8UB

---

**PRESENT:** Councillor Lisa Rajan (Chair)  
Councillor Andy Simmons (Vice Chair)  
Councillor Toby Eckersley  
Councillor Gavin Edwards  
Councillor Mark Glover  
Councillor David Hubber  
Councillor Tim McNally  
Councillor Helen Morrissey  
Councillor Paul Noblet  
Councillor the Right Revd Emmanuel Oyewole

**EDUCATION REPRESENTATIVES:** Colin Elliott, Parent Governor  
Leticia Ojeda, Parent Governor

**OTHER MEMBERS PRESENT:** Councillor Dora Dixon-Fyle, Cabinet Member, Health and Adult Social Care

**ALSO PRESENT:** Brenda Bond, Age Concern Lewisham & Southwark  
Terry Farsky, Southwark Pensioners' Action Group  
Lesley Knight, Southwark Homecare  
Leon Kreitzman, Age Concern Lewisham & Southwark

**OFFICER SUPPORT:** Doreen Forrester-Brown, Legal Services  
Sarah McClinton, Deputy Director, Adult Social Care  
Susanna White, Strategic Director, Health & Community Services  
Peter Roberts, Scrutiny Project Manager

### 1. APOLOGIES

1.1 There were no apologies for absence.

## **2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

- 2.1 The Chair had received requests to make deputations from Age Concern, Southwark Pensioners' Action Group and Southwark Homecare.

## **3. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

- 3.1 There were no disclosures of interests or dispensations.

## **4. SHARED SERVICES WITH OTHER BOROUGHES**

- 4.1 This item was deferred to a future meeting.

## **5. FINAL SCRUTINY REPORT: REVIEW OF HOUSING REPAIRS KEY PERFORMANCE INDICATORS (HOUSING & COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE)**

- 5.1 Councillor Tim McNally declared a personal and prejudicial interest.
- 5.2 Councillor Gavin Edwards, chair of the housing & community safety scrutiny sub-committee, introduced and answered questions on the final scrutiny report.

### **RESOLVED:**

That the report be welcomed and referred to the cabinet for consideration.

## **6. CALL-IN: GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK (CABINET 25 JANUARY 2011)**

*Deputation - Age Concern Lewisham & Southwark*

- 6.1 Leon Kreitzman, the chair of Age Concern Lewisham & Southwark, addressed the committee. He challenged the tender process on the basis of lack of involvement of service users. He also challenged the change in criteria which he believed had the effect of reducing the quality of the service and he had little confidence in the council being able to run, monitor and evaluate the results. Leon Kreitzman highlighted that no contract had been awarded to any voluntary sector or specialist group. Two service providers were now dominating the personalisation process and he feared that this would ultimately lead to a reduction in quality and choice and increases in price.
- 6.2 Members asked for Age Concern's comments on service users being able to continue with their existing providers. Leon Kreitzman stated that Age Concern would be withdrawing from services in the borough. Age Concern and similar organisations would not be able to afford to continue. Brenda Bond, chief executive of Age Concern, felt that there would be an inevitable bias towards the two main providers, who would benefit from economies of scale, and a disincentive

to refer to other providers.

- 6.3 Members asked whether Age Concern would have been happy with any outcome of the tendering process if the criteria of quality and price had been given equal weight. Leon Kreitzman was concerned that there had been no strategic discussions with the council about the best way to provide quality services. Brenda Bond added that the lengthy tender process had caused difficulties, that concerns over dropping the quality threshold remained and that there was a risk for users if one of the chosen providers ceased business.

*Deputation – Southwark Pensioners’ Action Group*

- 6.4 Tony Farsky of Southwark Pensioners’ Action Group addressed the committee. He stressed the need for care services to be improved and for homecare and day-care to be excluded from the cuts programme. If this did not happen Southwark’s most vulnerable residents would not be protected. Tony Farsky singled out the closure of Holmhurst, in his view the only centre providing care for the elderly with mental health problems. He did not think its users could be accommodated elsewhere. He also drew attention to changes in the taxi card scheme and increased costs for users.

- 6.5 Members asked whether Southwark pensioners had been making representations to the council. Tony Farsky stated that the Pensioners’ Action Group had been concerned for some time about the quality of homecare and day-care but had not found a way of raising this until the budget discussions had taken place.

*Deputation – Southwark Homecare*

- 6.6 Lesley Knight of Southwark Homecare was concerned at how Southwark could maintain a quality service when the homecare contract had been awarded at such a low price. She was also concerned that providers would be leaving the market. Lesley Knight highlighted the decision not to award the specialist contract to Older Adult Support in Southwark (OASIS) which she believed provided a very good service in response to a particular need. She commented that the cost of the contract was £0.5 million in comparison to the £1.9 million the service saved, the latter figure based on SLAM’s evaluation of the service.

- 6.7 Members asked if Southwark Homecare could make any suggestions as to how savings could be made in this area. Lesley Knight responded that this might have been possible had current providers been able to work with service users. There were options in terms of reducing cost but reducing expenditure, for instance reducing spend on training, would always have an effect on the service provided.

- 6.8 Some members were concerned that unsuccessful bidders for the contract had information about costs that should not be available to them. Lesley Knight commented that all current providers shared information about terms, conditions and costs.

*Call-in*

- 6.9 Councillor Tim McNally introduced the reasons for the call-in. He emphasised the

importance of homecare services to Southwark's most vulnerable population. He also drew attention to two contracts which had not been let. Councillor McNally was concerned that placing weight on the contract price could mean that staff providing the service were the lowest paid and least well trained. He was also concerned that, should one of the contractors fail, 50% of the service would be lost and that other providers might no longer exist in the market to take up the slack.

6.10 Councillor Dora Dixon-Fyle, cabinet member for health and adult social care, acknowledged the work of organisations and of home-carers. She emphasised the difficult economic climate, the depth of cuts and that decisions had to be taken quickly but stressed her opinion that the quality of homecare would remain at the same level. Councillor Dixon-Fyle explained that the contracts to the two specialist groups had not been let as alternative provision had been made. In respect of the number of providers she also explained that the greater risk was to let out more contracts than could be afforded.

6.11 In response to questions from members, Councillor Dixon-Fyle commented that she had not been in her cabinet post in 2008, at the beginning of the contract process. She was confident that people in the community would continue to get a good service, that the new contract would be explained to users and that safeguards would ensure that the contract was properly monitored.

6.12 The committee considered each of the reasons for call-in in turn.

*Failure to let two of the specialist contracts and not giving a satisfactory explanation of how these needs would be alternatively and adequately met*

6.13 Members picked up on the deputations' concerns about users possibly having a lack of choice of provider and whether smaller providers would remain in the market. Councillor Dixon-Fyle confirmed that clients would be able to choose how to spend their budget and to remain with their current provider. Susanna White, strategic director, health & community services, added that the process was not intended to drive out smaller providers but that there needed to be a more economic cost. In response to further questions she stressed the importance of establishing the best price instead of continuing with a range of prices.

6.13 Members highlighted the decision not to award contracts for the older adult support in Southwark (OASIS) service and the intermediate care and neurological-rehabilitation (neuro-rehab) service. They were concerned about the sensitive groups of clients who benefitted from these services. Susanna White stressed that no-one would be left without a service. It was important that a service was available but not necessarily that the previous format be retained.

6.14 Sarah McClinton, deputy director, adult social care, explained that funding of the OASIS service had been intended to provide a specialist service for people with mental health needs. A review of the needs of current users suggested that the service met a variety of needs and not just personal homecare. For some users the right kind of service was not being provided. Some of users' needs could be met by a short-term re-ablement process. Work was being done with SLaM to better understand the range of users' needs and service options. Some members were concerned that the figure agreed for hourly costs was low in terms of the level

of skill required. Sarah McClinton indicated that a benchmark figure had been taken from similar services in other boroughs.

- 6.15 Sarah McClinton also explained that the intermediate care and neurological-rehabilitation (neuro-rehab) service offered up to twelve weeks' help to people coming out of hospital. The existing contract continued until the end of August. There was a degree of overlap with the re-ablement pilot and subsequent procurement would aim to produce a consistent and coherent service.
- 6.16 Members asked whether the £4.3 million due to come to the council for re-ablement could be made use of in order to fund these two specialist services. Susanna White clarified that councils would benefit differentially from this settlement and that this might provide substitute funding for services already provided, rather than additional funding.
- 6.17 Some members felt that it was unclear that users would have a continuity of service. They also asked why specialist contract 5 had been awarded. Susanna White stated that this highly specialised service was an exception. It was not a re-ablement service but an ongoing service for people with particular needs.

*The decision advocates two compromises on quality of care*

- 6.18 Councillor Dixon-Fyle explained that the tender process awarded points for a range of criteria, including the possibility of expansion. Points had been reduced from thirty to twenty-seven in terms of quality but the price of the service was also important when serving the borough's residents. Susanna White clarified that there had been no change in the requirement of a two star CQC rating. She stressed that the change in the points threshold did not mean a reduction in the quality of care provided in a home and that "quality" related to anything which was not price, for instance the ability to upscale the offer. The reduction in the threshold had allowed local voluntary sector providers still to be considered.
- 6.19 Some members were concerned at the lack of involvement of service users in measuring the quality of tendered bids. Sarah McClinton reported that it was difficult to look at the feedback of individual users but that homecare surveys had been taken into account.
- 6.20 Members asked whether a link existed between the amount charged by a provider and the experience and pay of staff. A member highlighted that, compared to other agencies, some of the non-profit organisations had the lowest staff turnover and the highest trained staff. They provided continuity of service and quality. Susanna White commented that there was no simple correlation to be made between quality and price. She recognised that individual organisations had highly trained and long-standing staff groups providing quality service. At the same time, the council had to face the issue of affordability. Susanna White did not believe that the change in the quality threshold had made a difference to the outcome of the tender process in this respect.
- 6.21 Councillor Dixon-Fyle was confident in the contractors to be appointed and that the right decisions had been taken in respect of the criteria. Members asked what action would be taken if a provider fell below a two star rating. Susanna White

responded that if this occurred then the provider would be given the opportunity to improve. Account would be taken of the nature of the loss and what it related to. She emphasised that there was no reason this was likely to happen. The expectation was that as users moved to individualised arrangements the use of contractors would diminish, which was reflected in the decision to appoint two rather than three providers. Sarah McClinton added that if a provider was compromised on quality then the individual circumstances would be looked into, taking users' views into account, before considering whether to retender or make alternative arrangements.

- 6.22 Members of the committee stressed the importance of contract management and queried the use of electronic monitoring systems. Sarah McClinton responded that a common complaint was that carers did not stay for the full time. Electronic monitoring meant that the council would know the actual time spent and paid for. Members requested further details of the electronic system. Members also asked for details of how the cabinet would monitor the contracts. Councillor Dixon-Fyle confirmed that there would be regular report backs to the cabinet member.

*Letting only two out of the three main contracts leads to increased risk if one of the contractors experiences problems*

- 6.23 Members remained concerned as to what would happen if one of the contractors failed. Susanna White repeated that the personalisation agenda meant that a transition was taking place away from block contracts and towards more individualised arrangements. This, together with a more mature market of providers both in Southwark and across London, would mitigate any future risk to the council. Susanna White also confirmed that assessing the long-term financial viability of bidders was part of the contract process.
- 6.24 Sarah McClinton added that about a half of existing providers had come to meetings to discuss continuing to work with current users. Some members were concerned that existing providers had not been sufficiently involved in discussions about the changing arrangements. Councillor Dixon-Fyle was confident that there had been various forms of consultation since the beginning of the contract process in 2008. In response to questions she also explained that a specialist team had been set up to support clients affected by the change. Susanna White emphasised that the aim was to provide affordable choice and that discussions would take place with all users to establish the right approach for them, either remaining with their existing provider or moving to the new contract.
- 6.25 Members asked whether the contract process could have been halted at any time or whether there would have been legal penalties. Susanna White responded that the contract had been monitored throughout, particularly in view of changes in national policy, but that decisions had been taken to modify the process rather than abandon it. In terms of specific legal requirements she confirmed that TUPE would apply.
- 6.26 At 9.05pm the committee moved into closed session. In response to questions Sarah McClinton clarified that awarding three contracts would have been a risk in terms of the number of hours to be transferred. The experience of other boroughs had been taken into account and it was likely that the number of hours would

decrease over future years. Equally, the two providers would be able to provide more hours if necessary. Susanna White gave further clarification of the impact of the changes made to the criteria and of whether the award of contacts could be challenged as a result.

- 6.27 Some members were concerned at any possible financial cost to the council if a decision were delayed. Susanna White indicated that a delay would have cost implications. The meeting returned to open session at 9.25pm.

**RESOLVED:**

That the decisions in respect of the Gateway 2 Contract Award Approval, Home Care Services in Southwark, be referred back to cabinet for reconsideration on the basis of the following concerns:

1. Further information is required about alternative provision identified for recipients of services of the two specialist contracts not let (OASIS and the intermediate care and neurological-rehabilitation service).
2. Clarification is needed of whether the council has the option to terminate either contract if the CQC rating of the provider falls below two stars.
3. Whether the cabinet can satisfy itself that adequate contingency arrangements are in place in the event that either provider is, for whatever reason, unable to perform the service as contracted for.

The meeting ended at 10.12 pm