

Item No.	Classification: Open	Date: 15 December 2014	Decision taker: Strategic Director of Finance and Corporate Services
Report title:		Gateway 3 – Variation Decision/Extension Approval Gateway 3 - Extra Care Services.	
Ward(s) or groups affected:		Older people	
From:		Strategic Director of Children's and Adults' Services	

RECOMMENDATIONS

1. That the strategic director of finance and corporate services agrees to a twenty one month extension of the contract with Allied Health Care (AHC) from 12 January 2015 to 30 September 2016. The value of the contract extension is £2,168,998 making an estimated total contract value of £4,959,021.
2. That the strategic director of finance and corporate services notes the variation in contract identified in paragraphs 5, 9, 12 below and that this variation does not fundamentally alter the type of care services to be provided.

BACKGROUND INFORMATION

3. Extra care is a type of specialist sheltered housing scheme, where tenants hold an independent tenancy and receive on site personal care and support available 24/7. This support covers washing, bathing, toileting, help getting up and going to bed, independent living skills, dressing, preparation of drinks and meals etc.
4. The Extra Care contract was awarded in August 2011 following a competitive tender process for a period of three years which ended on 30 September 2014. The contract makes express provision for extension for a further period of up to two years.
5. The value of the extra care contract with AHC over the original 3 year term ending on 30 September 2014 was £2,511,405.
6. The contract was extended by three months to 31 December 2014 at a cost of £240,611. This was so that a longer term extension and variation could be negotiated to include:-
 - A focus on the health and wellbeing outcomes for users
 - Implementation of Southwark's Ethical Care Charter
 - Two waking night staff per scheme
 - Support for Step down provision. (step down is the temporary housing of people and the provision of time limited support to address delayed discharge and hospital avoidance.)
7. The contract was further extended at cost of £38,007 under chief officer powers for the period 1 January 2015 to 11 January 2015.
8. This report deals with the remaining extension allowed under the terms of the contract and a variation to the focus of the contract as outlined in the bullet points in paragraph 6 above.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

9. Officers have been in detailed discussions with AHC concerning this contract extension as well as revising the specification to an outcome focussed model. This proposed variation does not fundamentally alter the type of services being delivered to the residents of the two extra schemes and incorporates additional hours currently being provided by spot purchase arrangements and formalises additions such as the double waking night cover. The variation also aims to minimise the need for spot purchase of additional hours except in very exceptional circumstances such as when providing end of life care or for meeting the needs of people with complex cases.
10. These are the elements to be incorporated into the contract and specification :-
 - A move away from a time and task service to an outcome focus
 - A Requirement that the provider deliver and place at the core of the service these key outcome orientated themes:-
 - "Seeing who I am"
 - "Involving me"
 - "Connecting with me"
 - To allocate care workers to cohorts of service users on specific floors so that care workers can become familiar with residents and to minimise care being provided by care workers unknown to service users.
 - Allow the provider a more flexible approach to better manage the service and address changing and fluctuating care needs on a day to day basis to minimise the requirement for spot purchasing
 - To incorporate the principles of Southwark's Ethical Care Charter (SECC), in particular the London Living Wage (LLW)
 - To have two waking night staff per scheme so that it will not be necessary to take up the limited capacity in the night owl service. (The night owl service is a night time home care service for the wider community)
 - A requirement to establish a settled cohort of care staff who will be offered guaranteed hours contracts (Minimum of 18 hours per week) to provide consistent care delivery that residents are familiar with.
 - AHC to manage and provide immediate 24/7 care for up to two step down flats to be piloted at Lime Tree House (Step Down flats are flats that can be used to support people for a defined period normally to facilitate discharge from hospital before they are ready and able to move back to their usual accommodation)
 - Allow AHC staff to respond to emergency calls from service users generated by assistive technology 24 hours per day.
 - The Manager of the service being responsible for the selection and staff to deliver the service, as opposed to staff being appointed via their head registered office
11. The original contract was based on a fixed 63,180 hours per annum or 1,212 per week and is focussed on outputs. On top of the contracted hours the rising needs of service users, mean additional hours are being purchased on a spot basis. Over the last year these averaged at 90-100 hours per week and are on an upward trend. This is because people with higher needs who in the past may have been more likely to be placed in a residential home are now being offered extra care.

Further spot hours are also being purchased to cover the cost of the additional waking night cover at 126 hours per week.

12. However, the determination of the contract value has been based on the original block hours and the number of spot hours currently being purchased. This report recommends that the contract value is now based on increased level of hours of service delivery per week. However, the contract will be amended to refer to a holistic outcome focussed approach rather than the delivery of a set number of hours of service. Officers consider this reasonable to allow the provider flexibility to deliver the outcome orientated specification that includes care tasks, activities and addressing isolation and social inclusion. It will also include the managing the step-down element and support to those clients.
13. Moving forward this will also allow the council to better manage budgets and expenditure on Extra Care Services provided through this contract.
14. The current contract originally included one waking night cover per scheme, with a sleeping night cover in Lime Tree House. This has meant that a number of tenants who need two handed night-time care have had to have this delivered via a separately commissioned night owl service. This has taken up capacity in that service. Two waking night staff at each scheme has now been implemented and the cost covered through an increase in spot hours purchased. It is intended to include this arrangement in the longer term contract extension and embed this in the new service model.
15. A more personalised outcome focussed approach is also important to enable the provider to take into account the social inclusion and general health and wellbeing of service users. Promotion of wellbeing is a duty under the Care Act 2014 and addressing this in the varied specification will help contribute to meeting this duty for the tenants of extra care.
16. The principles of the SECC will be central to the planned revised service specification and in particular this will mean staff will:
 - Be paid the London Living wage as a minimum
 - Be offered guaranteed hours of work with a guaranteed number of hours of no less than 18 hours per week (Although staff who choose longer term minimum hours will be offered this option)
 - Staff will be paid for training
 - Staff will be paid for time travelling whilst undertaking their duties (Although due to the building based nature of the service, this will be required far less than for community based homecare).
17. The original hourly rate for this service was £13.25. To implement the London Living wage the hourly rate for the extra care service increased as from the 1 October 2014. To fully implement the SECC and other changes outlined in this report the hourly rate will further increase. Benchmarking with national and local extra care costs show this within the broad spectrum of costs.
18. Given the complexity of these negotiations and the number of variables to be considered the contract was extend for three months to 31 December 2014 to allow negotiations to be concluded with a further extension agreed under chief officer powers for the period 1 January 2015 to 11 January 2015. These negotiations have now been concluded and this report recommends an extension of the contract with variation from 12 January 2015 till 30 September 2016. AHC will be obliged to pay, as a minimum, the 2015 London living wage (£9.15) to staff as from 1 January 2015.

Reasons for Variation

19. The extra care service provided under this contract enables the council's to fulfil its duty to ensure support is available to meet residents assessed care and support needs under Fair Access to Care Service eligibility criteria.
20. The council also has a responsibility to ensure continuity of care for users with assessed eligible needs and by exercising the provision within the contract to extend (and vary) the current contract the council is able to ensure continuity of service for existing users.
21. The council, as a condition of the extension, will ensure that the principles of the SECC are implemented, in particular LLW which will ensure the delivery of a key council commitment.
22. The service provided by AHC has been satisfactory over the first three years of the contract and it is therefore considered that to extend the contract represents best value as opposed to re-tendering the service at this stage.

Future Proposals for this Service

23. The future longer term procurement options currently being considered include
 - procurement as part of a wider reconfiguration of locality based community support services that will be considered by cabinet later this year,
 - a single borough or cross borough framework that could accommodate this and future extra care needs,
 - a stand alone procurement
 - or bringing the service in house.
24. The current contract terms and condition allow for a 6 month notice period if circumstances should change and the council should choose to link future extra care provision with the options out lined above.

Alternative Options Considered

25. A number of alternative options have been considered and discounted at this time and these are discussed in the following paragraphs
26. Providing the service in house - currently there is no capacity or infrastructure to deliver this service in house. The timescales for establishing an in house service would not meet the timescale for providing a seamless change over from the current provider, and there is no evidence to suggest there would be improvements in quality or value for money.
27. Under take a full procurement - The current provider was commissioned following an open procurement in 2010 and it will take at least nine months to undertake a further full procurement to replace them.
28. Do nothing and let the contract end - letting the contract lapse was also discounted as the council has a responsibility to ensure continuity of care for the existing extra care service users. Care services would therefore still need to be commissioned and if the contract was allowed to lapse this would need to be done through a spot purchasing arrangement which is likely to cost more and be less effective in terms

of continuity of care/care worker and could lead to operational challenges if numerous different agencies were delivering care services within the two schemes.

Identified risks for the extension

29. It is considered that there are few risks to this extension. AHC is part of the Nestor Group both being a subsidiary company of SAGA, and as such is a well established care provider. AHC have provided a satisfactory service under the contract and have also been contracted to provide the councils night owl service.

Policy implications

30. The extra care service assists the council in shifting the balance of care from placements in residential homes so that older people can remain in the community and remain as independent as possible for as long as possible.

31. The revised specification is designed to put individual service users at the heart of the service and aims to deliver better outcomes and a more flexible responsive service.

32. The new specification and contract conditions allow for the full implementation of the SECC.

Contract management and monitoring

33. The contract will continue to be monitored through existing contract monitoring arrangements within the commissioning team.

34. AHC will also be subject to assessment and monitoring by the Care Quality Commission. The council's monitoring arrangements will align to those of the CQC whilst avoiding duplication.

35. Officers in the Quality and Performance Team, and operational teams have been involved in developing the key performance indicators for this contract to ensure that the out comes are evidenced and achieved.

Community Impact Statement

36. It is considered that there will not be any disproportional impact in relation to the following areas covered by the council equality agenda: Race, Gender, Age, Disability, Faith and Religion, Sexuality, Gender reassignment, Marriage and Civil Partnership and finally Childcare and Pregnancy as a result of this contract extension.

37. AHC has a satisfactory record of addressing equality issues of people using their services. The changes to the specification are also aimed at making the service outward facing so that tenants have the opportunity to participate in the community and also work in partnership with community groups who provide activities in the schemes.

38. The workforce is disproportionately made up of women from Black and Minority Ethnic Communities, and therefore the application of the SECC (which includes the payment of the LLW) will contribute to addressing long standing pay imbalances for this section of the local community.

Economic considerations

39. Many carers employed in the schemes are local women and men who will be helped economically by the full implementation of the ethical care charter.

Social considerations

40. The move to an outcome focussed specification and changes to the staffing structure in the revised contract will allow greater flexibility to interact with tenants provide activities and develop and encourage an active community within the scheme. Social isolation and loneliness are important factors in a person's wellbeing particularly older people. Wellbeing has been shown to have an important impact on health, ageing well and can slow the progression of some long term conditions such as dementia.

Environmental considerations

41. This is a building based service so there are no travel issues associated with this service.

Financial Implications FI / 1057

42. The contract value is fixed for the life of the contract. Hence future year's increases in LLW (or other inflationary uplifts) will not impact on the amount payable.
43. The shift to extra care placements is a key service strategy for adult social care and for many is considered a viable option to more expensive nursing or residential placement alternatives. The hourly rates for Extra care following implementation of LLW, additional service requirements and the principles of the SECC charter compares well with hourly rates of main homecare providers which range between £15.37 and £16.66.
44. The financial impact of implementing LLW, the additional service requirements and the SECC (per recommendations in paragraphs 1 and 2 above) will require additional £81k funding in the current year 2014-15 and £347k from 2015-16. The extra investment will be met from existing funding and budgets within Adult social care. The increased use of extra care placements will also see a reduction in residential care placements which will compensate for the additional investment in the duration of the contract
45. It is expected that this contract extension will include terms and conditions that will reduce the levels and requirement for spot purchases outside the block contract which will ensure that actual expenditure on extra care aligns with available funding. The commissioning team will ensure through its contract management and monitoring function (as highlighted in paragraph 32) that this is adhered to.

Legal Implications

46. Please see legal concurrent below

Consultation

47. The new service model that this variation will deliver has been developed following substantial consultation with internal stakeholders in both the Children and Adults and Housing and Community Services Departments.

48. The council has also engaged with NHS colleagues through the Southwark and Lambeth Integrated Care (SLIC) programme on the service requirements of extra care, as well as voluntary / community sector partners and pensioner representatives via the Older People's Partnership Board.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Corporate Services (CAS14/110)

49. The strategic director of finance and corporate services notes the recommendations in this report for the extension of the contract with Allied Health Care (AHC). The cost of the contract extension is £2.2m is to be met from existing funding and budgets within the adult social care department.
50. One of the objectives of the contract is to see a reduction in residential care placements and to reduce the levels and requirement for spot purchases outside the block contract. These changes should help compensate for the additional costs over the duration of the contract.

Head of Procurement

51. This report is seeking to extend the existing contract for the provision of Extra Care Services with Allied Health Care for a period of 20 months 20 days from 12 January 2015.
52. The report confirms that this is the second and final extension period that can be used for this contract. The report also confirms that in preparation for the future longer term procurement contract a number of options are being considered.
53. The report confirms that the service will fundamentally stay the same but with some revisions to the specification to a more outcome focused service and reduce the need for additional spot purchased hours.
54. Paragraphs 32 to 34 outlines the monitoring arrangements that will continue to be in place to help maintain this level of service delivery. There would appear to be no reason why the Council would not wish to continue with the current arrangements and exercise the final available extension of 20 months 20 days.

Director of Legal Services


52. This report seeks approval of an extension of an existing contract with Allied Health Care involving extra care services, as outlined and described in paragraph 3. This will be the final extension which is expressly permitted under the contract.
53. The report sets out the reasons for recommending approval of a further extension of the contract, and explains that the continuation of the services is considered to offer the council value for money and will be consistent with current national and corporate policy in this area. Continuity in this service will also benefit and safeguard the interests of a vulnerable section of the local community, many of whom have one or more of the protected characteristics prescribed by the Equality Act 2010.
54. The decision to approve the report recommendation is one which is reserved to the strategic director of finance and corporate services under the council's Contract Standing Orders ("CSOs"). CSOs also provide that no variation of a contract may

be made unless the expenditure has been included in approved revenue or capital estimates, or has been otherwise approved by or on behalf of the council. The report sets out the relevant budgetary implications and confirms how the services will be funded for the remaining extension period.

- 55. The proposed extension of the contract will be effected by way of an appropriate letter of variation, for which advice will be provided to officers by the director of legal services (corporate team).

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  Date 24.12.14
 Designation STRATEGIC DIRECTOR OF FINANCE AND CORPORATE SERVICES

BACKGROUND PAPERS

YOU NEED TO SUPPLY A LINK FOR ANY BACKGROUND PAPERS

Background Papers	Held At	Contact
Southwark Ethical Care Charter Ethical Care Charter	Commissioning	John Hebditch
Older peoples housing delivery plan: Housing Strategy Older peoples housing delivery plan	Commissioning	John Hebditch

AUDIT TRAIL

Lead Officer	Jonathan Lillistone – Head of Commissioning	
Report Author	John Hebditch – Senior Commissioning Officer	
Version	Final	
Dated	16 December 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	NA	N/A
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Date final report sent to Constitutional Team	16 December 2014	

