

Item No.	Classification: Open	Date: 15 June 2016	Decision Taker: Cabinet Member for Adult Care and Financial Inclusion
Report title:		Gateway 2: Contract Award Approval - Home care contracts award to London Care and Allied Health Care	
Ward(s) or groups affected:		All Wards – older and very frail disabled adults	
From:		Strategic Director of Children and Adults Service	

RECOMMENDATIONS

1. That the cabinet member for adult care and financial inclusion approves the award of a new integrated contract, following a single supplier negotiation, for Extra Care and Night Owl services for a period of 12 months commencing on 1 July 2016 to 30 June 2017 on an estimated total contract value of £2,321m. This new contract is to incorporate the new Council's extra care service, Tayo Situ House, opening at Cator Street in July 2016.
2. That the cabinet member for adult care and financial inclusion approve the contract award, following a single supplier negotiation, for home care services from 1 August 2016 to 31 July 2017 of £3,136 m.

BACKGROUND INFORMATION

3. This report deals with the request for approval to award two new contracts for home care services following separate single supplier procurement processes as agreed by the cabinet member for social care and financial inclusion in May 2016.
4. The previous general home care contract provided by London Care and the extra care and the night owls contracts provided by Allied Health Care were already fully compliant with the Southwark Ethical Care Charter (SECC), and these single supplier negotiations ensure that there is continued compliance.
5. The single supplier negotiations will establish two separate new contracts for these services, in order for the council to undertake a comprehensive longer term open procurement, in line with the Fairer Future Promises ten commitment to the application of SECC to the whole home care market.

Extra Care Services – Allied Health Care

6. Extra Care is a type of specialist housing scheme where tenants hold an independent tenancy and receive on site personal care and support available 24/7 from the care provider. This support cover washing, bathing, toileting, help getting up and going to bed, independent living skills, dressing, preparation of drinks and meals etc. Extra care delivers key council policies of promoting independence, control and person-centred care for frail older people.

7. The Extra Care contract provides care at two sites (Lew Evans and Lime Tree House) and was awarded in August 2011 following a competitive tender process and is due to expire on 30 September 2016.
8. The Extra Care scheme at Cator Street is due for completion and hand over in July – August 2016. This means that the service will operate before the completion of the long term procurement exercise of new home care provision. The mobilisation of the new service will be phased in over a number of months to align to the phased moving in of tenants.
9. The new contract will run for one year, to allow the service at Cator Street (Tayo Situ House) to fully “bed in”, before the successful bidder for the new contract takes on the service. It is thought to be too disruptive for tenants at Cator Street to potentially move in and have up to two different providers in six months.
10. The council and Allied have agreed to review the level of provision at Tayo Situ house after the first three full months of operation to ensure that the staffing levels commissioned are appropriate to meet the needs of the tenants who have moved in. Should there be exceptional additional needs for particular clients on top of that provided by commissioned service, there remains provision to purchase additional spot hours for the same unit cost from. Likewise if shift patterns and staffing ratios turn out to be higher than actually needed, the contract value can be varied.

Night Owls Service- Allied Health Care

11. This service has developed incrementally, through short term funding transferred to the council from the NHS, and it provides four teams of mobile over night home care who provide care to very frail older people on discharge from hospital. The service is now funded through core Better Care Fund (BCF) monies, whereas in the past the bulk of the service had been funded via slippage within the BCF programme.
12. The current Night Owls contract with Allied Health Care expires on 30 June 2016, and staff are located from and managed by the same management team as that of the extra care service.
13. This new single contract is expected to improve operational efficiency in both extra care and the night owl service, and provide better value for money for the Council as well as ensure continuity of service to tenants by allowing a smooth transition into the start of a new home care provision

Home Care Service- London Care

14. London Care is the second largest supplier of home care for the council, following a contract award in 2011. The single supplier negotiation with London Care has not altered the scope or scale of the new contract compared to the old contract. It has merely amended the unit cost to reflect London Living Wage (LLW) pressures.

Procurement project plan (Key Decision)

Activity	Complete by:
CAB/ DCRB Review Gateway 1:	24/02/2016

Activity	Complete by:
CCRB Review Gateway 1:	03/03/2016
Approval of Gateway 1: Procurement strategy report	22/04/2016
Completion of tender documentation	02/05/2016
Single supplier negotiations start	02/05/2016
Completion of single supplier negotiations clarification meetings/presentations/evaluation interviews etc	20/05/2016
Forward Plan (if GW2 is key decision)	29/12/2015
DCRB/CAB Review Gateway 2: Contract award report	01/06/2016
CCRB Review Gateway 2: Contract award report	09/06/2016
Notification of implementation of Gateway 2 decision	14/06/2016
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	29/06/2016
Contract award	30/06/2016
Add to Contract Register	30/06/2016
Place award notice on Contracts Finder	29/07/2016
Contract start date – Allied	01/07/2016
Contract start - London care	01/08/2016
Publish Contract notices in the Official Journal of European Union (OJEU)	29/07/2016
Contract completion date – Allied	30/06/2017
Initial Contract completion date London Care	31/07/2017

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

15. The Council has procured an integrated care and support service for the new Extra Care housing schemes in the borough.
16. The single supplier procurement exercise for Allied Health Care and London Care has resulted in the following outcomes for the council.
 - The continuation of fully SECC compliant general home care service provided by London Care
 - The continuation of a fully SECC compliant Extra Care and Night Owls service
 - Ensured that the new council Extra Care scheme opening in July-August 2016 has a service provider, and will allow them to take part in the formal mobilisation of the scheme.
 - A more financially sustainable model of waking night care within the extra care schemes.
 - Ensures the continuation of the successful step down flat arrangements at one of the existing extra care schemes (Tested over the winter 2015-16)

- Read-only access for the council to call roster monitoring information used by the provider, that will allow to better quality assurance on the home care purchased (particularly monitoring care workers' punctuality, ensure that they stay for the full commissioned time and that two carers are present to provide "double handed care" when expressly commissioned.
 - Improved quality of care and an efficient management of resources/ reducing high cost placements by moving some clients on high cost home care packages to extra care where their care and support needs are better met and coordinated.
17. In addition this single supplier negotiation (along with the further 5 home care contracts subject to a single supplier negotiations) is providing the council with an invaluable knowledge of home care agencies pricing structures that will inform the financial projections and methodology associated with the forthcoming procurement exercise.

Key/Non Key decisions

18. This report deals with a key decision

Policy implications

19. Since the start of the contracts the services have contributed to a number of key strategic drivers such as:
- The Care Act 2015 places an emphasis upon supporting frail people in their own homes who otherwise may have been admitted to a care home or stuck in an inappropriate acute hospital bed.
 - Southwark Health and Wellbeing strategy 2015 – 2020 which places an emphasis upon living independently within the community as opposed to institutional care, alongside fostering community resilience.
 - The Better Care Fund and the local and national approaches to delivering closer integration between the health and social care sectors.
 - The council's target to reduce residential and nursing care placements
 - The current development of a new vision for adult social care which will enhance the care pathway for elderly frail and other vulnerable groups who are being discharged from hospital.
 - Supporting the move towards seven day a week working across the local health and social care economy.
 - The new corporate diversity standard (Again linked to Fairer Future Promises) recognises the SECC as a means of promoting equality and SECC compliant providers will be encouraged to display this kite mark in their offices and literature.
20. The Extra Care service offers a direct alternative to care home provision and assists the council in shifting the balance of care from placements in residential homes so that people can remain as independent as possible for as long as possible in the community. The new Extra Care scheme is being delivered as part of the council's 11,000 council homes strategy.
21. The contract awards also support the on-going delivery of the council's vision for adult social care services agreed by cabinet in April 2011, alongside the revised vision that is currently being developed and will be considered by the cabinet shortly.

22. The provision of home care services supports the Southwark Health and Wellbeing Board's vision for integration as well as continuing to deliver the "Fairer Future Promise 10 set out within the overarching Council Plan: namely a commitment to the SECC.
23. The service also supports the aspirations of older people to avoid institutional care and allows them to return home and retain independence for as long as possible.

Tender process

24. The council adopted single supplier negotiations to procure these contracts. The contract was renegotiated in 2014 to accommodate the requirements of the SEEC. The night owls contract has been renegotiated on a number of occasions in 2014 and 2015 and the extra care contract was varied in 2015 to take account of the SECC and improve the service model (to eliminate the use of spot payments). The council had a significant level of knowledge in relation to both providers' delivery model as well as the pricing structure required to deliver a SECC compliant quality home care service.
25. Both providers were required to complete a detailed break down of their hourly rates, which was then scrutinised and clarified by the negotiation team.
26. Prior to the commencement of the formal negotiations, the council also checked the financial viability of both organisations, and considered that they were sufficiently financially robust to commence a further contract of the size and scope of the one covered in this report.
27. With regard to quality of provision, discussions with Allied have shown that provider is working to improve services including the introduction of a tool which will provide electronic homecare monitoring, electronic scheduling/rostering and financial management. It is anticipated that the benefits of this will come through within the duration of this contract.

Tender evaluation

28. The unit costs submitted by both providers for their respective contract areas, which were then scrutinized by senior officers from finance and commissioning, with a number of clarifications decisions taking place between all parties before an in principle agreement could be reached.
29. Cross checking with the operational team responsible for the mobilisation of the new residents for the Tayo Situ House Extra Care scheme was also carried out.

Plans for the transition from the old to the new contract

30. A new set of contract documents will be drawn up for both contracts, as well training for the council contract staff to take advantage of the call monitoring system.

Allied Health Care - Extra Care

31. The council will be adopting a phased approach to tenants' allocation and move into the extra care scheme at Cator Street. This approach will allow the

mobilisation to be managed effectively and also ensure that the care provider is able to effectively manage the transition of the residents moving in.

London Care- Home Care

32. The scope, scale of the service as well as the work force and specific clients remains the same, and therefore mobilisation for the new contract is minimal The transition plans for were therefore minimal and based around continuity of service.

Plans for monitoring and management of the contract

33. The current regime will continue to apply but monitoring of performance and outcomes will be based on a refreshed service specification.
34. The contracts will continue to be monitored by the children and adults' contract monitoring team and provider performance will be measured against the service specification outcomes contained within the existing contracts (Key Performance Indicators - KPIs)

Identified risks for the new contract

35. Risks associated with these single supplier negotiations are set out below:

No.	Risk	Risk Level	Mitigating Action
1.	The Providers are not able to continue to deliver the service required by the council	Low	<ul style="list-style-type: none"> Both providers have a satisfactory approach to partnership working that allows any issues the council identifies to be addressed.
2.	Other home care Providers may instigate a legal challenge on the basis that they were not able to tender for this work	Low	<ul style="list-style-type: none"> A tender exercise for a one year only contract award will not be attractive to the market with it's inherent TUPE implications. Continuity with provider will continue to deliver value for money The home care market is awaiting the open longer term procurement opportunity to be advertised
3.	The new Extra Care scheme does not get filled quickly enough and the council pays for home care hours that are not being used.	Low	<ul style="list-style-type: none"> The council will "phase in" the new contract to reflect the gradual move in of tenants over a two month period.
4.	Quality of London Care following CQC inspection does not sufficiently improve.	Low	<ul style="list-style-type: none"> Officers are working with the agency and the provider is making good progress against an agreed action plan.

No.	Risk	Risk Level	Mitigating Action
			<ul style="list-style-type: none"> It is acknowledged that there is a new permanent registered manager responsible for the service, who is significantly leading on quality improvements.

Community impact statement

36. 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.
37. The demographics of people who receive social care delivered by the council in Southwark in March 2015 can be summarised as follows:
- Of 4600 people who receive care, approximately 64% are older people, with the remainder being people with learning disabilities, mental health problems or physical disabilities.
 - Amongst the over 65's approximately 65% of these are women, which is linked to longer life expectancy for women and that needs for home care increase with much older people.
 - Approximately 37% of service users over 65 are from Black, Minority and Ethnic (BME) groups. This being disproportionately higher than the proportion of people over 65 years of age from BME communities in the borough)
 - Amongst the under 65's approximately 47% of these are women and approximately 56% are from BME groups.
38. All recipients of the service are physically frail and /or with dementia and other mental health conditions and likely to be considered as disabled under the relevant legislation. It should be noted that older people represent the largest group of service users.
39. The providers both hold acceptable equalities codes of practice and policies as part of their registration requirements with the Care Quality Commission and is compliant with the standards expected by the council.
40. The new contracts will continue to require the providers to pay staff London Living Wage, pay for their travel time and to offer a guaranteed level of working hours as an alternative to zero hour contracts. As the majority of these staff are local women, disproportionately from BME communities, this payment will have a positive impact upon those traditionally marginalised groups as well as the local economy.

41. Taking the factors identified here into account, officers are satisfied that there will not any negative implications for the categorised groups covered by the council's equality scheme as a result of the decision being made through this report.
42. Both providers will now be asked to sign the Southwark Equality Standard.

Sustainability considerations

43. 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

44. The majority of the workforce lives locally and the award of the contracts will continue to support the local economy. The profile for each provider is set out below.

Social considerations

45. The providers have track records of providing acceptable recruitment records, with a significant proportion of the work force being local residents

Environmental considerations

46. All providers maintain existing acceptable environmental policies and practices

Market considerations

47. The market for home care services is large, made up of national (and international), regional and local providers. The majority of providers are private organisations with a relatively low number of small, and often specialist not for profit providers.

Staffing implications

48. There are no TUPE implications as the services will be undertaken by the existing suppliers, or new staff will be recruited for the new service provision. The cost of the single supplier negotiations and subsequent contract management functions will be contained within existing commissioning structures

Financial implications

49. There is considerable pressure on all home care budgets, primarily due to a significant rise in utilisation (particularly by very frail older people who otherwise would have been placed into residential or nursing care) which is further impacted by the cost pressures of the SECC.

Home Care London care

50. It is noted that the service provided by this contractor fulfils statutory duties in relation to the Care Act 2014, and as a result the council is considering a series of measures to manage utilisation of this service in year as summarised below:
- Increasing the uptake of older and disabled adults who receive direct payments
 - Review of high cost home care packages to establish if alternative provision is available for these service users/ or whether placement into residential/nursing care may be more financially sustainable whilst meeting the needs of the client. This will also provide lessons learned to amend future operational and brokerage placement practice.
 - Targeting suitable high cost home care clients who are suitable to move into the new extra care scheme at Tayo Situ House (Cator Street)

Allied Health Care - Night Owls Service cost pressures

51. The council receives full funding for this service via the BCF and remains a core component of the BCF programme.

Allied Health Care - Extra care cost pressures

52. The date for the new extra care care scheme has shifted a number of times over recent months from the start of July to mid September 2016, with a current hand over date projected to be some time between 29 July 2016 and mid August 2016.
53. It is proposed to open the scheme in phases running over a number of weeks and months. This means that the provider will recruit and introduce staff to run the service in phases, so the council will be invoiced proportionately which are pro rata the full unit cost over the first two billing months.
54. The council is currently undertaking a mobilisation programme led by adult social care in partnership with housing to fill the scheme with clients whose current care costs are either the same or higher than those for Tayo Situ House. A pool of potential tenants been identified who could potentially move into the scheme who are currently using social care services from various budget codes (primarily the older people and physical disability cost codes, learning disability, mental health alongside other miscellaneous service areas such as meals on wheels).
55. The council will keep in weekly contact with the provider during the mobilisation of the contract period, to ensure that staff are not deployed into the new scheme too early and that the invoices only reflect the actual level of activity used. Although it is accepted that there will be a need to be sensitive to the care and support needs of very frail people as they move in.
56. Until the selection of tenants has been completed over the next few weeks, the exact timing (and care costs to be met this year) of the phased mobilisation will not be known.

57. The review with the provider once the service has been in operation for a full three months could also identify that the level of care required could be revised downwards.

Legal implications

58. Please see the concurrent report from the director of law and democracy below.

Consultation

59. The strategy to procure through a single supplier negotiation was discussed at the Care at Home Procurement Board, the Children and Adults' Board, key operational leads and through elected member briefings.

Other implications or issues

60. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

61. The strategic director of finance and governance notes the recommendations in this report for a Night Owls, Extra Care and care at home contracts. The contract costs will occur over the 2016-17 and 2017-18 financial years. The budget for 2016-17 was agreed by council assembly in February 2016.
62. The report identifies that the night owl service will be fully funded by the Better care fund and does not present a risk to the council.
63. The extra care services, including the use of the new Tayo Situ house present financial risks, depending on the level of care packages residents are receiving as they move into the extra care scheme and on the levels of staffing needed for the mixed community. These will be carefully monitored as the contract progresses.
64. Home care services carry a considerable financial risk, as these are statutory services, provided in a climate of increasing demand.
65. The service will need to respond to the service demand and cost pressures through the implementation of various service transformation programmes, including the continuing review of existing care packages. If necessary, additional funding in the form of alternate savings, efficiencies or income, will need to be found within the division or department.

Head of Procurement

66. This report seeks approval from the cabinet member for adult care and financial inclusion to award two contracts following two single supplier negotiations. The first contract is a new integrated contract for Extra Care and Night Owl services to Allied Health Care (Trading as Nestor Prime care Services Ltd) for a period of 12 months from 1 July 2016 with an estimated total contract value of £2,321m and this contract will incorporate the council's new extra care service, Tayo Situ House, opening at Cator Street in July 2016. The second contract is for home

care services with London Care for 12 months from 1 August 2016 with an estimated contract value of £3,136 m.

67. The report sets out the process undertaken as part of the single supplier negotiations in paragraphs 24-27 and their evaluation in 28-29. The report also make clear that for both contracts risks including supplier challenge are limited due to the nature of the contracts and the importance of service continuity, as well as the imminent longer term re-procurement of home care services that covers both of these contract requirements.
68. On-going management and monitoring arrangements for these contracts is set out in paragraphs 34 -35 and in 57 where provision has been made for a formal service review of resources to be undertaken in addition to daily operational monitoring of the new Tayo Situ house extra care service, 3 months after the service commences.

Director of Law and Democracy

69. This report seeks approval of the award of a contract to Allied Health Care for Extra Care and Night Owl services and a contract to London Care for home care services, the details of which are set out within paragraphs 6 to 14.
70. The nature and value of these proposed contracts are such that their procurement is subject to the application of the Public Contracts Regulations 2015 (“the “EU Regs”). The EU Regs permit the modification of a contract without a new procurement process in limited defined circumstances, including where additional services by the original provider have become necessary and were not included in the initial procurement, and 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. In addition, any increase in price must not exceed 50% of the value of the original contract.
71. The director of law and democracy advises that, whilst the use of any of the grounds for exemption set out in the EU Regs gives rise to a risk of challenge, in this instance that risk is mitigated by the fact that the short-term nature of the proposed contracts would be likely to make any competitive tendering exercise considerably less attractive to the market. In line with the EU Regs an appropriate notice will be published in the Official Journal of the European Union (“OJEU”) to confirm the modification of these contracts.
72. The decision to approve the proposed contract awards is one which is expressly reserved to the Cabinet Member after consideration by the corporate contracts review board (CCRB) of the report, in line with the council’s Contract Standing Orders (“CSOs”). CSOs also require that no contract may 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. The concurrent report of the strategic director of finance and governance confirms how this requirement is to be satisfied.
73. The proposed awards will be effected by way of a variation of the existing contracts with the named service providers.

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.....

Designation

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 – Procurement Strategy Approval for Home Care Contracts; March 2016	Children’s and Adults Commissioning, Southwark Council 4 th Floor, 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	Dick Frak	
Report Author	Juliet Ogbechie, Andy Loxton	
Version	FINAL	
Dated	16 June 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
Contract Review Boards		
Departmental Contract Review Board	Yes/No	Yes/No
Corporate Contract Review Board	Yes/No	Yes/No
Cabinet member	Yes/No	Yes/No
Date final report sent to Constitutional Team	16 June 2016	