

Report of: Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	24 September 2015	All

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: APPROVAL OF CONTRACT AWARD FOR CONTRACT EXTRA CARE SHELTERED HOUSING

1. Synopsis

- 1.1 The recommendation for the pre-tender procurement strategy in respect of Extra Care Sheltered Housing Services was approved by the Council's Executive Committee in January 2015 in accordance with Rule 2.5 of the Council's Procurement Rules. The strategy recommended that the Council directly negotiate a new maximum sixteen (16) year contract with four (4) year break options to provide Extra Care Services with provider Notting Hill Housing Trust,
- 1.2 The Council has now successfully and comprehensively directly negotiated a contract with provider Notting Hill Housing Trust to provide the service and is satisfied that this will secure continuity of care for very vulnerable residents, continuity of supply of specialist resources and continued value for money for the Council. The contract will provide at least 99 units of Extra Care, Intermediate Care and Housing Support services to individuals with complex needs across a range of client groups including Older People, those with Physical and Sensory Disabilities and Global Learning Disabilities.

2. Recommendation

- 2.1 To approve award of the contract to provide Extra Care Services to Notting Hill Housing Trust for a period of 16 years commencing on 1st October 2015 with the option to terminate the contract after the first 4 years and subsequently at the end of each period of four years up to the contract end date on 30th September 2031.

3. Background

- 3.1 Extra Care sheltered housing provides vulnerable people with access to on-site 24/7 personal care, community health and housing support services. The service is targeted at those with complex needs, usually aged 55+, and is provided for those who have been assessed by care managers as needing this level of support. People in Extra Care hold an assured tenancy and live in a self-contained flat with their own front door. The service provides a range of activities to improve quality of life and reduce isolation, including access to a meals service for tenants wishing to eat together. Tenants can contact

staff outside of their planned care times through an on-site alarm service.

- 3.2 Intermediate Care services deliver a structured time-limited rehabilitation service to enable people who have experienced deterioration in their health through illness or injury to regain as much control over their own lives as possible. The service is targeted at older people who would otherwise face unnecessary prolonged hospital stays or inappropriate admission to acute in-patient care, long term residential or nursing home care or continuing NHS health care.
- 3.3 The revised contract specification for the service will increase the requirement for the provider to engage in and support end of life planning, working more closely with community and primary health care services. The benefits realised from this will be through its contribution to:
- Reducing unplanned hospital admissions
 - Reducing unnecessary London Ambulance Service call-outs
 - Increasing the number of people dying in their preferred place
 - Reducing the number of tenants moving into more costly nursing care or delay the point at which they do so.
- 3.4 The revised contract terms and conditions include a requirement to pay the London Living Wage (LLW) to all staff employed to deliver the contract. Requirements also include that all staff be trained to a minimum of NVQ level 2 or its successor Health and Social Care Diploma L2. It is the Council's intention that services are delivered by motivated and committed staff, trained to high standards. It is intended that this in turn will yield higher quality service provision, lower staff turnover, and thus deliver better continuity of care to residents. The impact of the LLW will be monitored and assessed throughout the contract term.
- 3.5 The capacity for delivering the contract has been comprehensively assessed and increased to ensure the volume of service meets the increasing need of residents accessing the service over the lifetime of the contract. This will accommodate existing tenants developing more complex need and those entering the service with a higher level of need.
- 3.6 There are no statutory deadlines for implementation that need to be considered.
- 3.7 The new contract is planned to commence 1 October 2015. The contract term will be for four (4) years with an option for break and extension for a further four (4), plus four (4), plus four (4) year term.
- 3.8 Following options appraisal that considered the competitive tender route and delivery of the service in house, direct negotiation was assessed as the best option to secure the continued supply of extra care services in the borough at current volume and value for money.
- 3.9 No formal consultation was undertaken as there is no change to the current service being provided under new terms and conditions. The contract specification for the service is outcome based, ensuring the provider works with tenants to promote choice about the service that is received, support independence, deliver quality of life and enable social inclusion.
- 3.10 The annual value of the contract is £ 2,480,036.
- 3.11 The operational process for the management of service voids has been reviewed and revised to deliver greater efficiency and it is intended that this will deliver a reduction in costs and spend. The delivery of improved last years of life care and advance care planning will enable tenants to remain longer in extra care and increasingly until the end of their lives, reducing the need to move on to more expensive nursing home care.
- 3.12 Benchmarking of extra care services has proven to be difficult to assess. It has been difficult to compare costs in other areas because of variation in service criteria, service user groups, and specification of services across local authorities.
- 3.13 The service represents good value for money. There is no planned percentage reduction for this service as the Council secured significant efficiencies in 2012/13 and at the same time negotiated a

zero percent annual uplift. Any reduction in budget would need to consider the long term impact on spend in other more expensive service areas, since Extra Care is used as part of our preventative strategy, maintaining people in the community, and reducing the numbers going into more expensive residential care.

- 3.14 The key cost drivers for this service are an increasing ageing population and increasing demand for the service. Numbers of older people living in the borough are set to increase, a predicted increase of 9% in the number of older people living in the borough by 2020 suggests an increase in demand for accommodation based support services, and extra care sheltered housing is a significantly cheaper option than residential care. The number of older people living alone is relatively high, and many are doing so without the support of extended families due to the high cost of housing in the borough. In this environment referral into Extra and Intermediate Care services reduces the amount of time tenants spend in hospital, avoids unplanned hospital admissions, extends independent living through use of reablement services and facilitates speedy discharge from hospital.
- 3.15 It is intended that the implementation of the LLW will impact positively on staff delivering the contract.

4. Implications

4.1 Financial implications

Extra Care services are currently funded from a combination of Adult Social Care base budget and a pooled budget agreement, for the provision of Intermediate Care services, between Islington Council and Islington Clinical Commissioning Group.

The award of the Extra Care Services for £2.48m p.a. to Notting Hill Housing represents a £256K (10%) increase on the current contract value. The increase is to be funded through available existing resources in Adult Social Care and the Intermediate Care pooled budget, with £2m funded from Adult Social Care and £0.48m from the Intermediate Care pool.

The increase in the value of this contract is due to an increase in capacity to meet increased service user needs and additional funding to ensure all staff are now paid at London Living Wage or above.

This award should not create a budget pressure for the Council although additional funding may be required in future years as the London Living wage increases.

Any TUPE cost implication that may arise from the contract will have to be met by existing resources outlined above.

4.2 Legal Implications

The Council has a duty to make arrangements for providing residential accommodation and care for persons who by reason of illness and disability are in need of care and attention which is not otherwise available to them (section 21 National Assistance Act 1948 (as amended)). The Council may discharge that duty by making arrangements with private providers of residential accommodation for those assessed to need it (section 26 of the 1948 Act). Accordingly the council may enter into a contract with a provider to secure the supply of extra care sheltered housing services (section 1 of the Local Government (Contracts) Act 1997).

The services that are being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £625,050.00. The value of the proposed contract is above this threshold. There is a requirement for such contracts to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

There is some risk of procurement challenge in extending the existing contract with Notting Hill Housing Trust without conducting a transparent procurement process, including the publication of a contract notice. However this risk may not be significant if, as stated in the report considered by the Executive at its meeting in January 2015 to approve the procurement strategy, there are no other suitable providers

for this service based in Islington who would be interested in bidding for the contract. Having considered the risk the Executive at its meeting in January 2015 approved the procurement strategy. Therefore the contract may be awarded to Notting Hill Housing Trust if the Executive is satisfied as to the competence of this organisation to provide the services and that the negotiated contract price represents value for money for the council.

4.3 **Environmental Implications**

A 99 unit extra care facility has some degree of environmental impact due to the nature of the client group residing there in terms of heating requirements for elderly residents, the use of kitchen facilities, and the disposal of offensive and pharmaceutical waste generated. The contract requires the provider to take steps to minimise the impact of the facility as far as practically possible, as well as being reminded of the need for compliance with environmental legislation, particularly those concerning waste and biodiversity.

4.4 **Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 31/07/15 indicating that the direct negotiation did not need to take into account any specific equality issues.

The RIA identified that there would be no differential impacts. This decision was made because there will be no change to the way current services are provided to service users. The new service will have a continued requirement to demonstrate expertise, knowledge and sensitivity in its practical response to impairment, disability, ethnicity, religion, culture, equality issues, communication needs and other preferences. The provider is required to undertake appropriate equalities training and deliver services in line with equalities legislation. The new contract will deliver services to the same contractual requirements.

5. **Reasons for the recommendations / decision**

- 5.1 This report recommends that the contract to deliver Extra Care Services be awarded to Notting Hill Housing Trust.
- 5.2 The recommendation is based on a comprehensive direct negotiation strategy that will secure continuity of care for very vulnerable residents, continuity of supply of specialist resources and continued value for money for the Council.

Signed by:

Janet Burgess

Executive Member for Health and Wellbeing

Date: 2 September 2015

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