

Report title: Re-procurement of Care at eight existing Extra Care Schemes for Older People	
Report to: Cabinet	
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Date: 28 May 2019	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 Under the Care Act 2014, the Council is obliged to provide care for Adults with eligible needs. One way of meeting these needs is to support the creation of Extra Care housing schemes which are owned and run by Landlords and where Adults have their own accommodation but where the Council commissions the care services, normally across the whole scheme. This report relates to eight such schemes where the contracts for the onsite Care and Support Services ends on 30 September 2019.
- 1.2 Cabinet is asked to award care contracts to the Landlord for five years where it has indicated a willingness to take on the service and the Council is satisfied that the Landlord can provide care at a reasonable cost, and to procure care competitively in the market for the other schemes.

2. Recommendations

- 2.1 Agree to undertake a single stage competitive tender for the onsite Care and Support Services (including the Peace of Mind Service) and the award of a five-year contract for the two Extra Care schemes where the Landlord is happy for ECC to award such a contract:

The Cannons, Colchester
Sumners Farm, Harlow

- 2.2 Agree to undertake a single stage competitive tender for the onsite Care and Support Services (including the Peace of Mind Service) and the award of a five-year contract (with provision of a break clause at year three of the contract) for the two Extra Care schemes where the Landlord is happy for ECC to award such a contract:

Wren House, Colchester
Canter Meadow, Clacton

- 2.3 Agree to negotiate with the scheme landlords for the direct award of five-year care contracts for the onsite Care and Support Services (including the Peace of Mind Service) for the four Extra Care schemes:

Helen Court, Witham (Landlord L&Q Group)
Montbazon Court, Brentwood (Landlord Anchor Hanover Group)
Dobsons Close, Rayleigh (Landlord Swan Housing Association)
Honey Tree Court, Loughton (Landlord Places for People Living Plus)

- 2.4 Agree that the competitive procurements shall be single stage procurements which comply with the 'light touch' regime in the Public Contracts Regulations 2015 using a price: quality ratio of 70:30 with the maximum acceptable price for personal care provision being specified using the mechanism set out in the financial implications section of this report.
- 2.5 Agree that the Executive Director for Adult Social Care to award the contracts for the eight schemes if he is satisfied that the contracts represent best value and are within budget, when costed at expected volumes.

3. Summary of issue

Background and benefits of Extra Care

- 3.1 The Council currently has contracts with the onsite Care and Support Providers at thirteen Extra Care schemes across Essex at which placements are made by Adult Social Care, with another due to open in June 2019. This report relates to the procurement of care at eight of these schemes.
- 3.2 Extra Care schemes supports the Council's strategic aim to 'help people get the best start and age well.' The schemes are primarily for people over the age of 55, who are in receipt of six hours or more of domiciliary home care per week and would benefit from a home environment with 24-hour onsite care and support that enables their continued independence. These schemes also provide the following benefits:
- They help to reduce social isolation and loneliness for residents through a sense of built communities; that are tailored to the needs of older people, with level access, well-maintained environments and access to meals and social activities.
 - They also help to reduce the risk of falls, anxiety and depression and unplanned hospital admissions.
 - Improves the lives and resilience of carers and families through 24-hour access to onsite care and support.
 - Better working environments and conditions for staff; improving recruitment and retention.
 - They make it easier to provide increased contact time in the care market through consolidation of care in one building and reductions in costs like travel between home visits.

- They can reduce facilities costs for local community-based groups by providing reduced space rentals with ancillary benefits for residents who are encouraged to participate in the activities.

3.3 Extra Care schemes provide benefits to individuals compared to those with similar needs who live in housing outside Extra Care schemes. These benefits are supported by the latest research, published March 2019 entitled 'Measurable Outcomes for Healthy Ageing' by the Centre for Ageing Research at Lancaster University. The research compares circa 160 residents in a selection of Extra Care schemes to circa 30 'control participants' over a five year period. Key findings are as follows:

- 75% increase in the level of exercise done by residents, increase in walking speed and a reduction in the risk of falls
- Increase of frailty is delayed by up to 3 years
- 23% decrease in anxiety symptoms
- 24% increase in autobiographical memory and 17% in memory recall tests
- 86.5% of residents were 'hardly ever' lonely
- Residents average 3 days less per year in hospital than previously

Contractual Arrangements

3.4 There are two components to the contracted care provided within the eight Extra Care Schemes:

- a) the provision of planned care for residents who wish to receive their personal care package through the onsite care and support provider – in practice most residents choose to have their care supplied in this way; and
- b) the delivery of a 'Peace of Mind' service. The Peace of Mind service provides a 24/7 onsite care and support presence to respond to any unplanned care needs/emergencies and undertaking regulated activity as required. This service is available to all residents.

3.5 Table One sets out the proposal for the onsite Care and Support Service at each of the eight schemes:

Table One

Scheme name, location and size	Recommended contract length	Recommended approach	Rationale
Helen Court Witham 55 units	Five years	Negotiate and direct award spot care contract rates and Peace of Mind Service with the landlords – on the basis that the Council is unable to procure these services elsewhere as competition is absent due to technical or other reasons.	Landlord wishes to take on responsibility for the care contract. The Council is unable to require the landlord to give care providers access to office and other facilities needed to provide the onsite care service, making it impossible for another provider to maintain a presence on site, making it impossible or uneconomic
Montbazon Court Brentwood 26 units			
Honey Tree Court Loughton 40 units			
Dobsons Close Rayleigh 30 units			

Scheme name, location and size	Recommended contract length	Recommended approach	Rationale
			to provide these services. All four Landlords are Registered Providers and have significant experience of providing Extra Care schemes.
The Cannons Colchester 38 units			
Sumners Farm Harlow 42 units			
Wren House Colchester 18 units	Five years with a year three break clause to reflect that the landlord may not be prepared to allow the carer have access for a full five year term.	Undertake single stage competitive tender to re-procure the onsite Care and Support Services, including the Peace of Mind Service	Landlord is prepared to allow ECC to award the contract and will allow the contractor to have access to the necessary on site facilities.
Canter Meadow Clacton 30 units			

Proposal where Landlord wishes to provide care

- 3.6 There are four extra care schemes where the Landlord wishes to take on responsibility for the provision of the onsite Care and Support Services upon expiry of the current contracts. These are Helen Court, Montbazon Court, Dobsons Close and Honey Tree Court.
- 3.7 Whilst the Council can commission care for people in their own homes, the advantages of Extra Care can only be realised where the care and support provider is based on site at all times. This requires the provider to be able to access the parts of the building designed to be used by the onsite care provider. This typically includes access to and use of facilities including office, overnight and changing facilities provided by the Landlord. In addition, an essential part of the service is for the onsite care provider to have access to the alarm systems used to trigger an alert from residents when assistance is required.
- 3.8 Although the Council has a nomination agreement with the Landlord, this does not enable the Council to require the landlord to give ECC access to the non-communal areas and facilities or to the alarm systems to enable an external provider to operate the service effectively and provide an onsite presence at all times.
- 3.9 Conversely, the landlord cannot compel ECC to award a scheme wide contract for the onsite Care and Support service but if it does not do so then the Extra Care scheme will not function as designed.
- 3.10 On that basis it is proposed to directly award the contract to the landlord, provided that a suitable proposal can be agreed.

- 3.11 It is proposed the Landlords are awarded a contract of five years for the provision of the onsite Care and Support service in line with the contract length for the four schemes where the landlord will allow ECC to competitively tender the care. Towards the end of the five-year contract period we will review and consider the approach for the ongoing provision of the onsite care and support services provided within these schemes.
- 3.12 This approach allows for efficiencies to be gained across the service by using the staff at the scheme to provide care and housing activities. In turn this should reduce costs to ECC and residents.
- 3.13 All four Landlords are Registered Providers with significant experience of providing Extra Care services both within Essex and nationally. L&Q Group and Swan Housing Association also are currently providing the onsite care and support services in Extra Care schemes in Essex and we are assured of their ability.
- 3.14 Contracts will only be awarded if the Executive Director for Adult Social Care is satisfied that the terms offered by the Landlord offer good value for money compared with the cost of care available from other domiciliary providers in the locality.
- 3.15 Should ECC not be able to agree acceptable rates with any of the Landlords of the four schemes and to ensure the schemes can continue as Extra Care there are two options that could be explored. The first option would be to renegotiate with the Landlord/s to see if they would now be willing for ECC to procure an onsite Care and Support Provider and for the Landlord to allow access to the relevant facilities. Should the Landlord still not allow access to the relevant facilities the alternative option would be to procure personal care packages for Adults known to ECC and require that the Landlord provides and funds the peace of mind service.

Proposal where Landlord is prepared to allow ECC to provide care

- 3.16 In the four schemes where the Landlord is prepared to allow the Council to contract for the provision of care, namely the Cannons, Sumners Farm, Wren House and Canters Meadow, the Council will ensure that it holds a current nomination agreement. There will not be a direct contractual relationship between the Landlord and the onsite Care and Support provider relating to the provision of care at the scheme. There will need to be an agreement between the landlord and either the Council or the care provider relating to use of facilities within the building, working arrangements etc.
- 3.17 With respect to the Cannons, Colchester and Sumners Farm, Harlow the contract will be for a five-year period, with no options to extend further.
- 3.18 At Wren House and Canters Meadow, it is proposed that a five-year contract with a break clause at year three is awarded This is because we may wish to jointly review the long-term viability of these schemes as Extra Care. The Council has proposals for new in Extra Care schemes in the respective districts

that may be more fit for purpose going forward and which may mean that these schemes are no longer required. Officers will work closely with the landlords at these schemes to ensure if a scheme is subsequently decommissioned any new schemes represent an improvement and that there is sufficient capacity within the local area.

- 3.19 Any proposal for ECC to create or fund a new scheme will be the subject of another report to Cabinet or to the Council.
- 3.20 Where the Landlords offer nomination rights to the Council, and the Landlord wishes to be responsible for the provision of onsite care and support, officers shall (subject to the appropriate approval to do so) take the same approach as with Helen Court, Montbazon Court, Dobsons Close and Honey Tree Court.
- 3.21 Where the Landlord does not wish to be responsible for the provision of the onsite Care and Support service, the Council shall (subject to the appropriate approval to do so) undertake a procurement process to select a provider.
- 3.22 Hourly rates for personal care and costs for the peace of mind services will form the price evaluation criteria for the procurement process for the four schemes at which services are being re-procured to ensure that best value is achieved for the Council. The quality of each bidder's response will also be assessed by officers as part of the evaluation criteria. Bidders will be required to provide information on their proposed model for the delivery of the services, mobilisation of the contract, and promotion of social inclusion for adults living at the schemes.
- 3.23 The prices submitted will be fixed for the contract period although the Council will have the absolute discretion to increase rates if it so wishes. This is consistent with the Council's general approach to increasing prices for care services delivered to Adults.
- 3.24 The two contractual arrangements for the provision of onsite Care and Support services across the eight schemes does not tie the Council or residents into having to purchase care packages from the onsite care provider. Residents and the Council will be able to choose another care provider or carer to provide their planned care as required. The provider of the Peace of Mind service will not be optional, however, and residents will have their Peace of Mind service delivered by the onsite Care and Support provider.
- 3.25 The Service specification and Performance Standards within the care and support contract will require that the onsite care and support providers for all eight schemes, as a minimum, meets the Council's quality standards and adheres to the service delivery model for Extra Care. Ensuring high quality service provision that maximises independence and that the schemes become community assets, benefiting the wider community as well as the residents within the scheme and there is a strong ethos of social interaction and maintaining and developing relationships. There will be Key Performance Indicators and Management Information for the Provider to report on and for the Council to monitor.

- 3.26 The Peace of Mind service in all eight schemes is currently paid for by the Council as a block payment to the onsite Care and Support provider and is provided free of charge for all residents regardless of assessed need and ability to pay. This does not comply with the charging approach in the more recent Extra Care schemes or to the Council's usual approach to charging. A review is currently being carried out to inform the future charging approach in these schemes. We will work with landlords to ensure that new tenants can be charged for the peace of mind service if the Council decides to change the funding arrangements for the service. Once there is a recommended proposed a further decision will be taken with any appropriate consultation. Bidders and landlords will be made aware that this work is underway.
- 3.27 It is proposed that there will be a single stage competitive tender process complying with the 'Light Touch' regime of the Public Contract Regulations 2015 for the four schemes where the care is to be competitively tendered.
- 3.28 For the other four schemes we will negotiate with the landlord to reach agreeable terms which the Director, Commissioning and Strategy accepts reflects a fair price for care which is comparable to other schemes.
- 3.29 The proposed timescale for the re-procurement activity is:

Activity	Timescale
Initial discussions with landlords	April – end May 2019
Tender release date	June 2019
Contract award	Mid August 2019
Care service mobilisation	Mid August – end September 2019
Start of new care service	Beginning October 2019

- 3.30 All bidders for the four schemes being re-procured will be assessed on the basis of a 70% : 30% price : quality split in line with the Councils corporate standards and the following commercial and quality criteria:

Price Criteria	Quality Criteria
<p>The price element will be based on the following areas, with weightings for each area to be agreed and defined:</p> <ul style="list-style-type: none"> Care Rates (per hour) Peace of Mind rate <p>A floor and ceiling price will be set as set out in the financial implications.</p>	<p>The quality criteria will be based on the response from each bidder to a number of technical questions, and these questions will be assigned a weighting dependent on its relative perceived importance.</p> <p>The questions will focus on their proposed service model for the delivery of the care and the Peace of Mind service within the scheme, use of schemes as community assets, the promotion of social inclusion, innovative practice, use of technology etc.</p>

- 3.31 For the four schemes that are being directly awarded to the landlord they will follow the Council's standard onboarding process for all providers that sets out minimum quality standards that must be met for the Council to contract with them. Rates for the delivery of the care services will be negotiated with the landlord directly as part of this process. The negotiation and direct award activity will follow similar timescales to the re-procurement activity set out above.

4. Options

- 4.1 A number of options were considered including:

- 4.1.1 **Option 1:** Do nothing and let the contracts either expire or continue on a spot basis. This approach is not recommended as it would mean four schemes would cease as Extra Care and the other four schemes would continue to operate on spot contracts that have been in place for a number of years and we would be less able to meet residents' needs.

Option 2: Undertake a single stage competitive tender for the onsite Care and Support contract for all schemes. This approach is not recommended for four schemes as the Landlords have indicated that they wish to be responsible for the provision of the onsite Care and Support services. The Council is unable to access the necessary onsite facilities without the agreement of the landlord.

- 4.1.2 **Option 3:** Landlords take on responsibility for the care contract for all schemes. This approach is not recommended/possible for four schemes as the landlord does not wish to take on responsibility for the provision of the onsite Care and Support Services and this option would not involve a competitive process meaning that the Council has less ability to secure a competitive price.

- 4.1.3 **Option 4 (Recommended):** A combination of option 2 and 3. This is the recommended option as it enables all eight schemes to continue as Extra care schemes. It reflects the wishes of the landlords for the provision of the onsite care and support service and it is the most likely approach to achieve a seamless service provided between the landlord and onsite Care and Support provider. It is the approach most likely to achieve best value for the Council and residents as well as ensuring a consistent service delivery model and contracting arrangements across all schemes. Neither option tie the Council or the residents into having to purchase planned care packages from the onsite Care and Support provider. The provider of the Peace of Mind service will not be optional, however, and residents will have their Peace of Mind service delivered by the onsite Care and Support provider.

5. Issues for consideration

5.1 Financial implications

5.1.1. Expenditure on care provision for 2019/20 for the eight schemes is forecast to be £3.2m, inclusive of Peace of Mind services. The budget for this is contained within the overall Older People domiciliary care budget. This forecast is based on:

- 5.1.1.1. The number of affordable rental units into which the Council will be able to nominate, assuming an occupancy rate of 95% of capacity
- 5.1.1.2. The estimated number of clients who will require personal care (on average 81%, based on information from current scheme providers)
- 5.1.1.3. The average volume of personal care hours per client (based on the volume currently purchased by the Council as a managed service for identified clients of 14 hours)
- 5.1.1.4. The current hourly care rate paid uplifted by 4.75% to 2019/20 prices, in line with the average increase in the Live at Home contract
- 5.1.1.5. The 2019/20 cost of Peace of Mind services in the schemes.

5.1.2. The contract for care services will not guarantee the provider a minimum volume of care hours; actual volumes will depend on the needs mix of the adults placed within each scheme.

5.1.3. The floor price for the care provision aspect of the procurement will be set at 10% below the lowest price in the 2019/20 Live at Home (LAH) framework for the tender, with the ceiling price in line with the highest rate in the LAH framework. Efficiencies should be achievable because care will be delivered in one establishment, which should lead to lower travel costs and higher rates of staff retention. Bids submitted outside of this range will be disqualified.

5.1.4. There is some financial risk for the four schemes where the landlord wishes to retain delivery of the care contract (as per paragraph 2.3) as the suggested approach does not drive best value, however, as set out in paragraph 3.6 in these legacy schemes the Council cannot require the landlord to give access to non-communal areas and facilities or to the alarm systems. If prices are higher than those achievable via a competitive tender exercise the cost could be reduced by putting people into cheaper alternative schemes, however, this would be dependent on whether there is capacity in the market to do so. We could also provide domiciliary care in a more traditional way, which would lose some economies of scale. Based on the assumptions in paragraph 5.1 the forecast for care provision costs and Peace of Mind for these four schemes is £1.5m.

5.1.5. Requests for inflationary uplifts will be managed as set out in paragraph 3.23.

5.2 Legal implications

5.2.1 Supported Living and Extra Care Schemes are currently considered by the CQC to be Housing with Care, rather than providing accommodation with personal and/or nursing care like nursing or residential homes. Providers are

therefore required to register with the CQC for the provision of personal care only. There is some risk that the regulatory may change its interpretation of the law. However, these are existing schemes meaning that the risk is already borne by ECC and the landlord.

- 5.2.2 Personal Care / Domiciliary Care services fall within 'social and other specific services' within Schedule 3 of the Public Contracts Regulations 2015 and the total contract value is estimated to exceed the threshold of £615,278. As a result, the procurement of personal care services within the schemes where the landlord has elected not to provide or commission the care themselves is subject to the 'light touch regime' of section 7 of Chapter 3 of the Regulations.
- 5.2.3 Section 7 of Chapter 3 of the Regulations requires the Council to publish its intention to award a contract for "social and other specific services by either a Contract Notice or a Prior Information Notice (subject to conditions relating to the contents of both the Contract Notice and Prior Information Notice.
- 5.2.4 In Schemes where the landlord has elected to deliver or commission Personal Care / Domiciliary Care services themselves, the Council is unable to procure these services by way of a competitive procurement process. The Council requires the permission of the landlord and owner of the building in order to do so.
- 5.2.5 Where the landlord is unwilling to give the Council such consent, the Council is required to commission services from the landlord or their commissioned subcontractor. As a result it is arguable that the Council is permitted to negotiate such a contract directly with the Landlord in accordance with the provisions of Regulation 32(b)(ii) on the basis that competition is absent for technical reasons.

6. Equality and Diversity implications

- 6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

7. List of appendices

Appendix One: 'Integrated Homes, Care and Support. Measurable Outcomes for Healthy Ageing', ExtraCare Charitable Trust, March 2019.

Appendix 2: Equality Impact Assessment

8. List of Background papers

ALT Procurement Proposals for Eight Existing Schemes