

		AGENDA ITEM 5
		PAF/12/15
Committee:	People and Families Scrutiny Committee	
Date:	9 July 2015	
<u>Meals on Wheels Service</u>		
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1. Purpose of paper

- 1.1. The contract for the community meals service, commonly known as “meals on wheels”, expires on the 30th September 2015. Sodexo the current Service Provider have indicated that they are not prepared to agree to extend the contract on the current terms.
- 1.2. This report sets out the recommendations for the new service
- 1.3. Attached is an example of the Meals on Wheels dashboard that has been developed to monitor the progress of the project (appendix 1).

2. Recommendations agreed by Cabinet on 23 June 2015

- 2.1. Agree to enter into a new one year contract with Sodexo on the terms set out in paragraph 3.31 – 3.35
- 2.2. Agree to grant a waiver from the Council’s procurement rules to enable this contract to be awarded.
- 2.3. Assess the users of the service who will be affected by the reduction in the geographical area covered by the service and ensure that they are provided with an equivalent service via domiciliary care or community alternatives.
- 2.4. Undertake a review of the transition and prepare a report to the Cabinet in autumn 2015 which sets out future options for the meals service
- 2.5. Agree a drawdown from the general balance of up to £175,000 over the next three years to meet the forecast budget shortfall arising from the new arrangements for the provision of a meals service.

Additionally, the project team have agreed to submit a bi-weekly report to the Leader’s Office to update on progress for those users directly affected by the change in service.

3. Background and proposal

3.1. History

- 3.2. The council is not required by law to provide the meals service. However it does allow the council to meet its statutory duty to ensure the nutritional needs of residents are met.
- 3.3. Traditionally meals services have been seen as enablers to support individuals to remain independent in their own homes thereby contributing towards the broader

programme to prevent or delay admission to residential care. With each delivered meal the provider also carries out a well-being check on service user's and for some this may be their only daily contact.

- 3.4. The meals service in Essex currently delivers over 670 meals a day and at the end of March 2015 had 918 service users. These are all individuals who were originally assessed as being unable to prepare their own meals, although many may not have been re-assessed since they first received the service. At the 31 March 2015, meals were being delivered to 788 service users each week. In addition there were a further 130 service users whose service was suspended (eg because they were away or in hospital).
- 3.5. In 2012 Sodexo were commissioned by the council to deliver the meals service and the initial three year term of the contract is due to expire on 30 September 2015.
- 3.6. The current charge made by Sodexo for a standard meal under this contract is £4.79 plus VAT although the price varies dependent on the volume of meals delivered each month.
- 3.7. Since the November 2014 the service user contribution for their meals has been £4.20 per meal with the remaining 59p subsidised by the council.
- 3.8. The council is able to reclaim the VAT chargeable against meals from central government.
- 3.9. Specialist meals are also available to service users with special dietary requirements with an increased subsidy paid by the council for these meals:

Table 3.8 specialist meal costs

Meal Type	Price per meal	Subsidy
Kosher	£8.89	£4.69
Halal	£5.33	£1.13
Caribbean	£5.33	£1.13
Texture Modified	£5.33	£1.13
Sikh	£5.33	£1.13
Hindu	£5.33	£1.13
Gluten Free	£5.33	£1.13
Diabetic	£6.29	£2.09

- 3.10. The Sodexo meals service provides frozen meals from their two Essex depots (Basildon & Colchester) and a further depot located in Enfield. Each day the meals selected by service users are heated in vans on route to service users. The time period for delivery is strictly controlled to ensure that the meals are delivered at the right temperature and to a good quality.
- 3.11. Analysis of service users highlights that at least 95% of those in receipt of the meals service are aged over 65.
- 3.12. 50% of service users accessing the meals service are known to social care teams and their needs are actively reviewed.
- 3.13. 66% of those accessing the meals service receive no additional care from the council as part of their package of care. 31% access the meals service as part of a domiciliary care package.

Table 3.11 Service User Care Packages

Care Package	Open	Suspended	Total
MOW only	514	88	602
Homecare	227	34	261
Day Care, Homecare	20	2	22
Day Care	11	3	14
Cash	11	1	12
Registered Care	3	1	4
Cash, Homecare		1	1
Cash, Day Care	1		1
Cash, Day Care, Homecare	1		1
Grand Total	788	130	918

- 3.14. The number of service users accessing the service has declined, and continues to decline. In the last financial year the number of referred service users from the council fell by 13% with a total of 21,971 meals delivered in March 2015 which included 3,234 specialist meals.
- 3.15. In 2013 the council was informed that under the current terms and conditions of the contract the service was becoming unsustainable and Sodexo would be unwilling to extend the contract should the standard meal price of £4.79 remain unchanged.
- 3.15 Sodexo have informed the council that they would not operate a private service in the Essex market if they were not commissioned by the council to deliver a countywide meals service. There are various alternatives to the current service across the county including a number of smaller suppliers who deliver hot meals to parts of Essex. In addition there are suppliers who will be able to deliver frozen meals across Essex. The Council's commercial team have undertaken an analysis of the private market in Essex which found an average price of £6.17 across all providers offering a hot meal delivery service. It should be noted that these smaller suppliers operate in smaller localities and as a result benefit from reduced travel times.
- 3.16 The price paid in Essex appears to be low compared to the current cost for delivering a meals service in Southend and Thurrock.
- 3.17 As part of the process to review the commissioning options for when the contract with Sodexo expires the following activity has taken place:
- Profile analysis of service users;
 - Co-production workshop with service users representatives, hot and frozen meal service providers, community agents and practitioner's;
 - In depth one – one interviews using the ethnographic approach;
 - Public consultation on the service user contribution;
 - Officers joining Sodexo on meals distribution routes;
 - Market mapping and research analysis;
 - Pathways into the service analysis;

- Local voluntary organisation workshop
 - Financial analysis of options up to March 2018.
- 3.18 The consultation on price undertaken in 2014 identified a lack of awareness amongst service users of alternative options available in place of the meals service.
- 3.19 The council's commercial team have undertaken an analysis of the Essex market in order to identify any gaps in local provision and to give an indication of the costs per meal providers charge their private clients. This has highlighted lack of countywide provision and higher costs from other providers.
- 3.20 The changing demand of citizens is seen as a significant contributory factor in the declining numbers of service users in receipt of the meals service. Ongoing work such as the reablement service, community mobilisation, community agents and the widening availability of alternatives such as online shopping is likely to see this trend continue with over 60% of service users referred to the meals service in the last financial year exiting the service within 12 months.
- 3.21 For many individuals the service is doing nothing to address their social isolation or reducing independence as the drive to deliver a financially viable service reduces the contact time with service users. Within the Sodexo contract there is no signposting or support to access community based solutions.
- 3.22 The Care Act promotes a truly personalised approach to care and encourages the use of resources of local communities to support service users.
- 3.23 The voluntary sector has indicated a real interest in working alongside the council to signpost individuals to a range of existing community support including formal and informal lunch clubs, befriending services, collection or delivery of meals from local schools, cafes and pubs; and to develop community based solutions such as volunteer led meal solutions (e.g. neighbourhood meal exchanges and casserole clubs).

Service Delivery Options

- 3.24 **Option 1:** Allow the current contract to expire (no service from 1 October 2015).
- 3.25 The council is under no obligation to extend the meals service contract with Sodexo beyond the expiry date of 30th September 2015.
- 3.26 If the increased costs of a standard meal are deemed unaffordable for the council the contract can be allowed to expire on the 30th September 2015 and all service users would have to be transitioned to an alternative provision before this date.
- 3.27 In the time leading up to the expiry of the contract with Sodexo all service users would be transitioned to alternatives.
- 3.28 As there would be no extension to the current contract the council would continue to pay the current rate for the meals service as numbers decline to zero service users.
- 3.29 As the council would not be extending the contract beyond the 30 September 2015 contingency plans would not be required in the event of a Sodexo refusal to extend.
- 3.30 Officers would work with colleagues in social care to support service users in finding an alternative provision. The capacity of the community engagement team who would undertake this piece of work would be insufficient given the short time frame to complete this. Additional social care resources would therefore be required. At present around 50% of service users have an allocated social worker who could be used to support those most vulnerable individuals to source alternative provision however there are no plans in place for social care reviews outside of statutory reviews. Additional cost will be incurred if this cannot be incorporated into existing

work programmes. This would be the highest risk option because it would require the migration of a large number of service users very quickly.

- 3.31 **Option 2:** Enter into a reduced coverage contract with Sodexo for one year, pilot local solutions and implement countywide alternatives.
- 3.32 The payment schedule put forward by Sodexo as part of their tender in 2012 was based on significantly higher volumes of meals and at the time there was no expectation that volumes would fall below 26,850 a month. Having said that, Sodexo did price for this eventuality, and they cannot reasonably raise any objection to the prices now being paid.
- 3.33 The continuing decline in the volume of service users has meant that Sodexo have reported that the contract is no longer sustainable for Sodexo to deliver under the current terms and conditions. Sodexo would only be prepared to continue to deliver the service on different terms. The proposed variations submitted by Sodexo detailed below would result in an increase in the standard meal prices as set out in the confidential appendix. Prices would increase should volumes continue to fall.
- 3.34 Sodexo have indicated that they would be able to minimise the increase in price per meal by closing their Colchester depot with effect from 1st October 2015. They would provide all meals from Basildon or Enfield depots. They would be able to provide meals to around 90% of the current service users whilst significantly reducing their cost base. This would enable them to deliver the service for a one year contract at a significantly lower charge than for option 3. The proposed prices for this option are set out in the confidential appendix
- 3.35 Sodexo have indicated that there would be a reduction of 10 rounds as a result of this option, mainly in the north of Essex, which could not be supported for operational reasons. This would impact around 120 service users who would no longer be able to receive meals via this service.

Table 3.34 Affected delivery locations shown highlighted

Basildon Depot	Colchester Depot	Enfield Depot
Broomfield	Colchester	Manuden
Hutton	Maldon	Stansted
Warley	Tiptree	Bishops Stortford
Great Wakering	Coggeshall	Hatfield Peveral
Hockley	Marks Tey	Little Dunmow
Burnham	Copford	Great Dunmow
Chelmer Village	Belchamp Otten	Barnston
Galleywood	Halstead	Great Waltham
Billericay	Braintree	Great Leighs
Rayleigh	Earls Colne	Saffron Walden
Laindon	Witham	Thaxted
Buckhurst Hill	Stanway	Takeley
Canvey Island	Boreham	
Wickford	Frinton-on-Sea	
Hadleigh	Walton-on-the-Naze	
Basildon	Clacton-on-Sea	
Writtle	Harwich	
Benfleet	Manningtree	
Southminster	Wivenhoe	
	St Osyth	
	West Mersea	
	Sible Hedingham	
	Belchamp St Paul	

- 3.36 Under this option the council would need to find alternative provision for these 120 service users and anyone else in the affected area who needs a service. This would be achieved as outlined in option 3 below.
- 3.37 If this option is selected, then between now and 30 September 2015 officers and community agents and the voluntary sector would work with service users to identify suitable alternative provision that meets the individual needs of each service users. There are providers who deliver hot meals locally in parts of Essex. There are also provides who will deliver frozen meals to any address in Essex, although service users may need a visit from a home care worker to heat the pre-purchased meal for them.
- 3.38 In the first instance officers would directly contact all service users to offer support in finding a suitable alternative to the current meals service where a service users does not have a planned social care review during the final year of the contract. The aim of the contact would be to find an effective alternative way to providing meals for that person. Officers are confident that this can be done by agreement with the service user and their families.
- 3.39 This may include requesting consent to pass cases to community agents or voluntary organisations to find a more suitable alternative within the local community using the knowledge of their locality.
- 3.40 Where a service user does not give consent for details to be shared with community agents officers, we would continue to work with service users until they have been moved to an alternative provision of their choice that ensures that their needs continue to be met.
- 3.41 The advantage of this option is that it allows the council a significant period of time to work with the affected service users, other providers, community agents and

voluntary sector agencies to find suitable alternative provision. It also means that if the pilot is unsuccessful then the Council can commission a new contract for the meals service after the expiry of a one year contract with Sodexo.

- 3.42 The value of the new one year contract would be under €750,000 and the Council could lawfully directly award the contract to Sodexo.
- 3.43 By carrying out this work with a small cohort of service users the council would be able to analyse the impact of this activity to fully understand the potential implications of its extension to cover all service users.
- 3.44 The learning from this first cohort will inform the decision on the future of the service. This may involve transitioning all service users to alternative provision or it may involve co-production of a redesigned service and local solutions if required. Any new services would be up and running by 1st October 2016.
- 3.45 The disadvantage of this option is that it means that we will be directly awarding a contract to Sodexo at a greater price than is currently paid. However, market analysis has identified that the rate we are currently paying is below market rates. This option carries a risk if we fail to find alternative provision for the affected service users, but that risk is lower than with the other options.
- 3.46 If the council are unable to agree terms on a one year contract with Sodexo then all service users would need support to source an alternative provision.
- 3.47 **Option 3:** Enter into a new contract for one year, develop community alternatives and transition all users to alternatives.
- 3.48 The current contract with Sodexo is set to expire on the 30th September 2015.
- 3.49 The payment schedule put forward by Sodexo as part of their tender in 2012 was based on significantly higher volumes of meals and at the time there was no expectation that volumes would fall below 26,850 a month. Having said that, Sodexo did price for this eventuality, and they cannot reasonably raise any objection to the prices now being paid.
- 3.50 The continuing decline in the volume of service users has meant that Sodexo have reported that the contract is no longer sustainable for Sodexo to deliver under the current terms and conditions. Sodexo would only be prepared to continue to deliver the service on different terms. The proposed variations submitted by Sodexo detailed below would result in an increase in the standard meal prices as set out in the confidential appendix. Prices would increase should volumes continue to fall.
- 3.51 The prices proposed by Sodexo under this option are set out in the confidential appendix. The highlighted row in the table is the price which would apply based on meals volumes for March 2015.
- 3.52 The increase in the price of a standard meal proposed by Sodexo places a significantly greater financial liability on the council compared to the existing contract. There is also financial risk associated with uncertainty over volumes and associated price points
- 3.53 During the one year period the council also has an opportunity to pass some of the increased costs of delivering the service onto service users by increasing their contribution however this would require a consultation with service users.
- 3.54 Over the course of the one year period officers along with colleagues from social care, community agents and the voluntary sector would work with service users to offer suitable alternative provision that meets individual needs. As outlined above, there are providers who deliver hot meals locally in parts of Essex. There are also provides who will deliver frozen meals to any address in Essex, although service

users may need a visit from a home care worker to heat the pre-purchased meal for them.

- 3.55 In the first instance officers would directly contact all service users to offer support in finding a suitable alternative to the current meals service where a service user does not have a planned social care review during the final year of the contract. The aim of the contact would be to find an effective alternative way to providing meals for that person. Officers are confident that this can be done by agreement with the service user and their families.
- 3.56 This may include requesting consent to pass cases to community agents or voluntary organisations to find a more suitable alternative within the local community using the knowledge of their locality.
- 3.57 Where a service user does not give consent for details to be shared with community agents officers, would continue to work with service users until they have been moved to an alternative provision of their choice that ensures that their needs continue to be met.
- 3.58 In transitioning service users to an alternative provision those due to receive a social care review of their package of care before the 30th September 2016 would be reviewed firstly by the social worker undertaking their review. Where social workers are unable to find an alternative during a review those service users would then be referred to community agents where consent is given or to officers where no consent is given.
- 3.59 Putting in place a contract with Sodexo for a year would ensure there was sufficient capacity amongst officers and social care teams to manage the transition process.
- 3.60 The council would remain compliant with its statutory duties and it would allow some time to plan the future of the service. The disadvantages of this option are:
 - (a) we do not have experience of providing large scale support to service users to find alternatives, and large scale transition involves inherent risks.
 - (b) the contract with Sodexo does not allow for price variations, and the value of a one year contract is over €750,000 meaning that it would be required to be tendered under the Public Contracts Regulations 2015. This option would be difficult to achieve lawfully given the need to hold a competitive procurement process by 30 September 2015.
- 3.61 A decision about the long term future of the service would be made in Autumn 2015. Under this option the Council will not, at that time, have any experience of transitioning service users to alternative services. This option could also entail ECC in having to undertake a large scale transition without any experience.
- 3.62 **The proposal being recommended – option 2**
- 3.63 Option 2 is recommended because it allows the Council time to introduce a new way of delivering meals to a small number of service users before making a decision on the long term future of the service.
- 3.64 Sufficient resources are immediately available to start consulting with the services users that would be impacted by closure of the Colchester depot and therefore we are recommending piloting community alternatives in this area as a matter of priority.
- 3.65 This pilot if successful would then inform the future work to be undertaken with all service users in Essex however if unsuccessful the council would look to procure for a meals service from the 1st October 2016 to cover all of Essex.
- 3.66 All affected service users will be engaged with as part of the transition.

- 3.67 The council will ensure that all service users continue to meet their needs as changes to existing care packages would be made for those individuals not able to access alternatives in their community. This would include a frozen meal and a 15 minute visit to support preparation which is more than the current provider is able to offer.
- 3.68 For individuals able to access their community, alternative options could help to reduce instances of social isolation and loneliness.

4 Proposed Timescales

Activity	Date
Begin working with service users affected by closure of Colchester depot to transition them to alternative forms of delivery.	1 st July 2015
Complete transition work	30 th September 2015
New 1 year contract with Sodexo begins	30 th September 2015

5 Policy context and Outcomes Framework

- 5.1 The delivery of this service aligns to the corporate outcome 'People in Essex can live independently and exercise choice and control over their lives' and to the aim in A Vision for Essex 2013-17 to protect vulnerable people.
- 5.2 The delivery of this service also aligns to the following outcome indicator:
- Proportion of people who live independently
- 5.3 The commissioning activity for the Meals service has been considered in line with the following principles:
- Promotion of independence and safeguarding
 - Prevention
 - Prioritisation of resources
 - Transitional protection.

6 Financial Implications

- 6.1 Table 6.1 below sets out the potential financial impact of the three options being considered. This analysis assumes no change to the service user contributions.

Table 6.1 Financial impact of options

£s	Total 2015/16 - 2017/18 Expected Cost	Total 2015/16 - 2017/18 Pressure / (Opportunity)
Option 1 - Allow the current contract to expire (no service from 1 October 2015):		
Base Case	640,324	16,324
Option 2 – Enter into a reduced coverage contract with Sodexo for one year, pilot local solutions and implement countywide alternatives:		

Base Case	798,734	174,734
Option 3 – Enter into a new contract for one year, develop community alternatives and transition all users to alternatives:		
Base Case	1,055,950	431,950

- 6.2 The current budget allocation for this 3 year period is £624,000 leading to a potential budget shortfall range of £16,000 to £432,000, depending on which option is taken forward, the price points negotiated and the impact that this has on service user levels. The recommended option leads to a potential budget shortfall of £175,000.
- 6.3 In order to meet this budget shortfall additional funding will be required of up to £175,000 over the period 2015-16 – 2017-18. It is recommended that this shortfall will be met from general balances should sufficient headroom not be identified within service budgets.
- 6.4 This could be reduced if service user contributions were increased from their current level of £4.20. For every 25p additional service user contribution, an additional income of £56,000 is earned under delivery option 3 and £46,000 under delivery option 2.
- 6.5 Sensitivity analysis has been performed on each option to assess the impact of financial risk arising from price and volume uncertainty:
- (a) an increase to the hourly rate to heat meals from £14 to £28; the additional financial burden increases by £216,000 under delivery option 3, £240,000 under delivery option 2 up to £360,000 under option 1 over the 3 year period.
 - (b) an increase to the rate of decline in service users during the final 4 months of the one year contract; the additional financial burden is not material (less than £25,000); and
 - (c) a straight line decline in service users during the one year contract leading to an additional financial burden of £60,000 for delivery option 3 and £36,000 for delivery option 2.
- 6.6 The expected cost of the one year contract with Sodexo in the base case is £426,000 if the Colchester depot is closed, or £704,000 if all depots remain open – these figures rise to £463,000 and £764,000 respectively in the sensitivity analysis.
- 6.7 Please Note: Assumptions have been made around volumes and prices which may not be achievable through contract negotiations and implementation. The financial impact may vary from that set out in the table above. These assumptions have been set using the market information available today, information provided by Sodexo during contract negotiations for an extension and latest performance data under the existing contract.

7 Legal Implications

- 7.1 It would be lawful to extend the current contract with Sodexo on the current terms. However Sodexo have made it clear that they are not prepared to agree to this because of the falling volumes and low prices paid. It is not possible to vary the contract.
- 7.2 It is possible to award a contract with Sodexo without competition if there is no interest from providers outside the UK and if the value of the contract is less than €750,000. The proposed one year contract under option 2 has an estimated value of £426,000 – significantly less than €750,000 and there is considered to be little

interest in this contract because it would require the establishment of local depots, and it is unlikely to be viable to do this for a one year contract.

- 7.3 A waiver from the Council's procurement rules will be required.
- 7.4 When working with service users it will be important to ensure that they receive an alternative means of delivering meals which is at least as good as the service they currently receive. It will also be important to ensure that their personal data is not passed on without consent.

8 Consultation approach

- 8.1 The list of impacted service users for each locality will be shared with social care teams to confirm the most appropriate engagement route for individual service users dependent on their level of need.
- 8.2 Where social care have raised concerns around the Community Engagement & Involvement Team working with individual service users the allocated worker is identified for engagement with individual service users to be led through them.
- 8.3 Where social care have not raised concerns around the Community Engagement & Involvement Team working with individual service users they will then lead this activity without social care.
- 8.4 When contacting contact service users the Community Engagement & Involvement Team will first write to them informing them that they will be impacted by the proposed changes and that they will be contacted by phone within 14 days to arrange a visit with a member of this team. This phone call will then be used to book the appointment with each service user where a member of this team will seek to understand what alternatives could be used by service users and agree how this will be implemented.
- 8.5 Where a service user wants to access alternatives within their community we will look to refer them to Community Agents.
- 8.6 Community Agents will look to make contact with service users within 2 working days and then visit them within 2 weeks.

9 Staffing and other resource implications

- 9.1 Closure of the Colchester depot would result in redundancies for Sodexo staff. The cost of redundancies would be covered in full by Sodexo.
- 9.2 Development of local community solutions may provide both paid and volunteering opportunities.

10 Equality and Diversity implications

- 10.1 An equality impact assessment has been completed.
- 10.2 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (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.
- 10.3 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.4 The equality impact assessment indicates that the proposals in this report will/will not have a disproportionately adverse impact on any people with a particular characteristic.