

<b>Report title:</b> Procurement of Care, Support and Housing Management for a Supported Living Scheme in Braintree	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Nick Presmeg, Director of Adult Social Care	
<b>Date:</b> 20 June 2017	<b>For:</b> Decision
<b>Enquiries to:</b> Phil Brown, Interim Head of Commissioning - Vulnerable People	
<b>County Divisions affected:</b> All Essex	

## **1. Purpose of Report**

- 1.1. To seek approval to procure a contract for the care, support and housing management for a supported living scheme in Braintree for ten adults with learning disabilities and behaviours that can challenge. If approved the contract would commence on the 1<sup>st</sup> November 2017 and be for a contract length of five years, with the potential to extend for a further 2 years.

## **2. Recommendations**

- 2.1. Agree to the procurement of the care, support and housing management for a supported living scheme in Braintree, with a maximum contract length of five years and with a maximum contract value of £9.5 million with the potential to extend for 2 years at the cost of £3.3million.
- 2.2. Subject to the award of the construction contract under a separate decision, authorise the Director for Adult Social Care to award the contract to the successful bidder following the completion of the procurement process.
- 2.3. Agree to the disposal of the scheme by lease on terms authorised by the Director, Business Operations in conformity with the terms set out in this report.

## **3. Summary of issue**

- 3.1. The review that followed the abuse at Winterbourne View Hospital in South Gloucestershire identified that there were still a number of adults with learning disabilities and / or autism inappropriately placed in long term hospital placements. The subsequent Concordat published in 2013 placed clear responsibilities on Local Authorities and Clinical Commissioning Groups to develop community services to reduce the numbers of people with learning disabilities and/ or autism placed in hospital.
- 3.2. The Association of Directors of Adult Social Services, Local Government Association, and NHS England published a national plan entitled “Building the Right Support” in October 2015 to implement the recommendations of the

Winterbourne View Concordat. The plan involved the creation of local “Transforming Care” partnerships and included clear targets for reducing the number of people in hospital. For the Essex, Southend and Thurrock partnership which includes the seven Clinical Commissioning Groups and three Local Authorities, the target is a reduction from 73 people with learning disabilities and / or autism placed in hospital to 46 by March 2019.

- 3.3. In response to both the Concordat and “Building the Right Support”, Essex County Council purchased two properties situated next to each other in Braintree to provide housing for ten adults with learning disabilities /and or autism with behaviours that can be challenging following a key decision taken on 29 March 2016. The properties will provide housing for six people leaving hospital and four people currently in residential care settings who without the right support would be at risk of being admitted to hospital.
- 3.4. The purchase and adaptation of the properties is estimated to cost a total of £3.4 million. The contribution from ECC to the costs of purchasing and adapting the properties is estimated to be £1.85 million. NHS England has contributed £1.16 million and the Department of Health has contributed £0.4million to the total costs of the scheme. A further key decision report will be presented to request approval to procure the works contractor once detailed costings are available. It is anticipated that the required adaptations are due to be completed between January and March 2018.
- 3.5. The people who will be living at the scheme will require high levels of specialist support due to the complexity of their needs. The adaptations to the property include Assistive Technology to minimise the requirements for on-going staff. However even with the deployment of this technology, staffing levels are likely to be at least one member of staff on duty at any one time for each person, with additional staff available if needed.
- 3.6. The proposed procurement will ensure that the scheme provides best value – both by ensuring that the selected provider has the appropriate skills and competencies to support these complex individuals and help them to progress to become as independent as possible; and that the best price for their care and support is secured by the council.
- 3.7. In addition to the procurement of a contract for the care and support for the proposed residents, the Council will expect tenderers to work with an organisation to manage the buildings. To ensure a strong relationship between the care and support provider and the housing management organisation, it is proposed that the tender invites partnership bids between care and support providers and housing management organisations.
- 3.8. The Council is seeking to create a framework agreement for supported living schemes, which will be presented in a separate report. The future framework will be aligned with this scheme, but the timing of the procurement of the framework agreement mean that it is not possible to procure the care for this scheme via the framework.

## **4. Options**

- 4.1. In agreeing to contribute capital to the costs of purchasing and adapting the properties the Council had already considered a number of options including placing these people in residential care. The accommodation costs to the Council (excluding the cost of providing the care and support) of specialist residential placements can be as much as £500 per person per week. In supported living, the scheme will be open to those receiving housing benefits so the accommodation costs would be met via housing benefit and other welfare benefits. Therefore the Council has already determined that a supported living model would offer better value than residential care as this scheme will deliver a best value solution compared to other ways of purchasing care and support for potential residents.
- 4.2. A number of options were considered to secure the care, support and housing management for this scheme. These included:
- Option 1: Purchasing the care and support for each person separately using the current purchasing arrangements for Supported Living; and leasing the properties to a housing management organisation as part of a separate process;
  - Option 2: Procuring the care and support for the scheme as a whole but undertaking a separate process to select a housing management organisation;
  - Option 3: Procuring the care and support and the housing for the scheme together by inviting bids from care and support providers who can partner with housing organisations.
- 4.3. Option 1 is not recommended because it does not offer the economies of scale of Options 2 and 3. There is currently not enough specialist providers operating in Essex for people with this complexity of need and Option 1 is not attractive enough to stimulate the development of our existing providers or to attract new providers into the area.
- 4.4. Option 2 and Option 3 provide the economy of scale to achieve better value than Option 1 and would be more attractive to providers. This would stimulate the development of our existing providers or provide sufficient volume to attract new providers into the area.
- 4.5. Option 3 is recommended because it would deliver a closer working relationship between the care and support provider and the housing management organisation than Option 2. In a scheme where the risk of environmental damage is high it is critical that the housing provider and care provider work in partnership to reduce environmental damage and ensure quick response times when damage is occurred to prevent the need for readmission to hospital.

- 4.6. Option 3 would still provide security for the people living there. ECC's lease agreement with the housing management organisation would ensure that if the care and support provider was not meeting its contractual requirements and needed to be changed, the people living there would not be at risk of losing their tenancies, as well as provisions that the residents could not be evicted without agreement from ECC. Any residents in the scheme at the end of the contract will continue to remain in the scheme, as the contract length gives ECC the option to re-procure the services to ensure best value.

### **Proposed Approach – Procurement**

- 4.7. It is proposed to award the contract for a period of five years with the potential to extend for a further two years through a single stage open procurement process.
- 4.8. The contract will require a number of hours of support. The contract will not guarantee any volume of care – instead the hours will be variable so as to be sufficient to meet the individual support plan for each person. ECC will provide indicative volumes to allow prospective providers to propose an hourly rate through the tender process. The indicative volumes range from 234 to 266 hours per day.
- 4.9. It is proposed that only tenders that meet the minimum quality criteria (as set out in the procurement documents) will be fully evaluated. This will ensure that only providers demonstrating they can deliver the service to the required quality standard will be formally evaluated. This will allow ECC to focus on the 'added value' criteria in the evaluation of the tender response, as the minimum quality standard will have already been addressed. It is proposed that the tenders from providers that pass the minimum quality standard will be evaluated as follows:
- 70% Price – bidders will be given information about indicative volumes and the standards expected in terms of skills and capabilities, and asked to submit an hourly rate based on this information.
  - 30% Quality – bidders will be required to submit technical responses in light of the procurement documents, including the specification, and these responses will be scored.
- 4.10. It is proposed that the contract will be awarded to the most economically advantageous tender scoring highest following an evaluation of 70% price and 30% quality, having met the minimum quality criteria.
- 4.11. The timescales for the mobilisation and implementation of this service are as follows. The service mobilisation and implementation is dependent on the building works being completed so may be subject to change if there are any delays to the building work.

<b>Activity</b>	<b>Timescale</b>
Contract award	November 2017

Service mobilisation	December to January 2017
Service go live – phased implementation as people move in over 3 months	January to March 2017
Scheme fully operational	April 2018 onwards

- 4.12. TUPE regulations will not apply. People will be either moving into the service from a hospital or residential placement and this service is not similar enough for TUPE to apply.

### **Proposed Approach – Service Delivery**

- 4.13. The care and support provider will provide social care support to ten people living in their own flats in a supported living scheme in Thistley Green Road, Braintree.
- 4.14. This support will be detailed in each person's individual support plan but is likely to include support with personal care, accessing the community, and helping the person to manage their own behaviour through understanding potential triggers and developing strategies to manage these. The support will also ensure that any potential risks arising from the person's behaviour are managed safely.
- 4.15. The care and support provider will work alongside the local specialist learning disability and mental health services, and ECC's Complex Behaviour and Behaviour Advice Team to deliver the support described in each person's support plan.
- 4.16. The care and support provider will also work with people to develop their independence. Some of the people living at the scheme will have spent considerable periods of their lives living in hospital environments and as a result will have lost many of their daily living skills. It is envisaged that people may need less support as these skills are regained.
- 4.17. The selected care and support provider will therefore have to demonstrate proven competencies and capabilities in supporting people with this complexity of need. This will include a commitment to implementing Positive Behaviour Support across the service; a commitment to recruiting and training staff with the required skills; and a track record of safely managing risk within community based settings.
- 4.18. The housing management organisation will take a lease of the properties which ends at the same time as the care contract. The organisation will be responsible for maintaining the buildings and supporting people to pay their rents through housing benefit. The housing management organisation will enter into tenancy agreements with the residents. Where the resident lacks the mental capacity to sign the tenancy agreement, the agreement will be signed by someone authorised by law to act on their behalf.

- 4.19. The housing management organisation will lease the buildings from ECC, with ECC retaining nomination rights. The housing provider will receive all their income from housing benefit payments. The housing provider will pay ECC rent based on the housing benefit income minus the costs of maintaining the building and any associated management charges for the scheme which will be set out in the contract.
- 4.20. The scheme will contribute to the following outcomes.
- People in Essex enjoy good health and wellbeing.
  - People in Essex live in safe communities and are protected from harm.
  - People in Essex can live independently and exercise control over their lives.
- 4.21. It is expected that the care and support team would need to begin mobilisation from November 2017, working alongside the clients and current support staff, to ensure a successful transition for the residents to start a staggered move in scheduled for January 2018.

## 5. Issues for consideration

### 5.1. Financial implications

- 5.1.1. The proposed contract is expected to have an estimated revenue cost of between £6.7m and £8.2m over the five years of the contract. A range has been used to take account of the potential variation in the hours of support and the hourly rate required for supporting highly complex individuals.
- 5.1.2. The expected highest contract costs per year, based on an assumed phased occupation over the three months from April 2018, are shown in the table below:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	5 Yr Contract value
	£000	£000	£000	£000	£000	£000	£000
Care Costs	-	1,476	1,670	1,670	1,670	1,670	8,156
Transition Costs	31	50					81
	31	1,526	1,670	1,670	1,670	1,670	8,237

- 5.1.3. The revenue costs detailed above are based on an assumed profile of occupation of these units any slippage in this will impact the profile of expenditure.
- 5.1.4. Six of these units will be occupied by individuals who are part of the cohort of clients who fall within the Transforming Care Programme, which looks to discharge patients from long term hospital placements into the community.
- 5.1.5. The funding for these placements is expected to be via transfer of funds from Health. The remaining care packages will be funded from within the existing Learning Disabilities domiciliary care budgets.

- 5.1.6. In addition to the core costs included in the contract, it is assumed that each client will require a 12 week transitional arrangement to facilitate the move from their existing provision. It is anticipated the total cost of this transition will be approximately £81,000.
- 5.1.7. The following table summarises the total funding requirement in each financial year based on the highest contract cost.

	2017/18	2018/19	2019/20 Onwards
	£000	£000	£000
Transforming care package costs	-	843	979
Non Transforming Care package costs	-	633	691
One off - Transitional costs	31	50	-
<b>Total annual contract cost</b>	<b>31</b>	<b>1,526</b>	<b>1,670</b>
Health funding transfer	0	(843)	(979)
Costs to be funded by ECC	31	683	691

- 5.1.8. Health have provided a capital contribution of £1.6m (total capital cost £3.4m) towards the purchase and refurbishment of these properties from the Transforming Care transition fund – if the properties were not to be used for the Transforming Care cohort it is likely that return of this funding would be sought.
- 5.1.9. If alternative provision in the community were to be sought for this cohort of clients, based on packages recently commissioned for clients of similar complexity, the expected cost would be, on average, £250,000 per client compared to an estimated highest cost per client of this procurement of £167,000.
- 5.1.10. Under the guidelines for funding transfer, provided for Transforming Care Partnerships, a dowry arrangement should apply for those who had been in an in-patient setting for over five years at 1<sup>st</sup> April 2016. This requires transfer of funding from Health to the Local Authority equivalent to the value of each individuals Health placement or their new community package, whichever is lower. All six NHS patients would be eligible for the payment of a dowry which would apply for the lifetime of the client.
- 5.1.11. Although it is expected that the funding from Health should transfer on discharge of the patients, negotiations with Health, regarding these transfers and including provision for managing inflationary pressures, are still on-going as part of the locally defined Transforming Care Partnership arrangements. As such it should be noted that there is currently no legal agreements in place to facilitate the funding transfer and in discharging these patients into these units there is a financial risk to ECC if these transfers do not take place for which there is currently no mitigation.
- 5.1.12. No specific provision has been built into the MTRS in respect of the six people being discharged from Hospital, given the expectation that they will be funded by the transfer from Health. It is anticipated that the remaining

four units will be filled by clients who are already in receipt of a Social Care funded package with an assumption that their Supported Living package will not be in excess of their existing package funding.

- 5.1.13. If the national Transforming Care Programme was not being undertaken, under current arrangements, the totality of the cost of a community package for any patient discharged from hospital would be borne by ECC as part of business as usual, and met from the funding built into the budget for demographic growth.
- 5.1.14. The property will be leased to the provider for the life of the contract. It is expected that all unit tenants will be eligible to claim housing benefit and will make rental payments to the provider. The provider will hold these funds to contribute towards the property management costs. The provider will be expected to pay any surplus, as at 31st March each year, to ECC. The provider will bear the risk of any deficit. Revenue running costs for the properties will be managed by the provider and met by clients.
- 5.1.15. The contract for care services will not guarantee the provider a minimum number of care hours and will be at a fixed hourly rate for the life of the contract.
- 5.1.16. The costs associated with both establishing the contract and its management will be met from within existing staffing budget resources.
- 5.1.17. The viability of the housing will depend on the continued availability of housing benefit at the levels needed to maintain the viability of the scheme. This is subject to regulatory change and is currently under review by central government. Should housing benefit be withdrawn or significantly reduced then schemes could become financially unviable for the provider. This could affect the level of participation in this procurement, jeopardising the success of the contract and adversely impacting future MTRS savings.

## **5.2. Legal Implications**

- 5.2.1 ECC has the power under the Local Government Act 1972 to acquire land and power under the Local Authorities (Land) Act 1963 to develop land for the improvement or development of its area. The aim of this scheme relate principally to ensuring that housing is available to meet the needs of Essex residents.
- 5.2.2 ECC has a duty under section 2 of the Care Act 2014 to provide or arrange for the provision of services, facilities or resources, or take other steps, which it considers will contribute towards preventing or delaying the development of adults in the area of needs for care and support, and reduce the needs for care and support of adults in its area. By procuring the services set out in this report, ECC will be taking steps to discharge its statutory duty under the Care Act 2014.
- 5.2.3 The procurement of these services are required to be conducted in accordance with the Public Contracts Regulations 2015. The proposed



procurement, as set out in this report, to conduct a procurement that is open, is in compliance with the Regulations.

- 5.3.4 The scheme is classified as domiciliary care by the Care Quality Commission (“CQC”), whilst the scheme itself would not have to be registered with the CQC, the provider is required to be registered as a domiciliary care provider with the CQC. If regulatory change occurs during the term of the contract, the provider will be required to comply with these changes.

## **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) (b)Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - c) (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**

Equality Impact Assessment

## **8. List of Background papers**

None