

Report of: Deputy Director, Adult Social Care

Report to: Director of Adult Social Services

Date: 18th September 2014

Subject: Request to extend contracts for the Cost and Volume and Independent Living Options Independent Sector Homecare Services

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 As at 17 August 2014 191 service users were still in receipt of services under the existing cost and volume contract and 15 service users were still receiving services under the existing independent living options contract.
2. The original legacy contracts set up in April 2006 were revised to remove a clause allowing an annual inflationary increase and to implement minor amendments in line with current legislation. Revised contracts were put in place in April 2010 following Director of Adult Social Services approval dated 4 March 2010 and extended for a further two 12 months from 1 November 2010 to 31 October 2012, following approval by the Director of Adult Social Services at the Delegated Decision Panel meetings on the respective dates 16 September 2010 and 29 September 2011. In 2012 there were 654 service users still in receipt of services under the existing cost and volume contract and 18 still in receipt of services from the independent living contract; and there were no further options to extend the Agreement under the conditions of the existing legacy contracts set up in November 2010. In consideration of the high number of people still in receipt of these services, it was therefore necessary to seek a delegated decision from the Director of Adult Social Services to waive Contract Procedure Rule 13, to enter into new contracts with the existing independent sector cost and volume and independent living options home care providers for a period of 12 months from 1st November 2012 to the 31st October 2013 with the option to extend for a further two twelve month periods. New contracts were put in place with the service providers following Director of Adult Social Services approval dated 11 October 2012. For the remaining number of service users still receiving services under both contracts, and to ensure there is no disruption in the services they currently receive, it is necessary for the Director of Adult Social Services to approve a

further twelve months extension to both the cost and volume contracts and the independent living contracts

- 3 Following the approval of the Director of Adult Social Services at the Delegate Decision Panel dated 12 September 2013 the existing legacy contracts were extended for a further 12 months from 1st November 2013 to 31st October 2014.
4. Given the severe financial pressure on the Adult Social Care budget during this financial year, a zero per cent increase will be awarded to providers under both contracts, thereby ensuring the fees continue to be maintained at the 2009/10 levels.

Recommendations

4. The Director of Adult Social Services is recommended to:

Under Contract Procedure Rule 21.1, agree a twelve-month extension of the contracts detailed in the report, with the providers listed below, for a period from the 1st November 2014 to the 31st October 2015.

Cost and Volume Contract

- i) Ark Home Healthcare Limited
- ii) Care UK
- iii) Housing 21
- iv) Allied Healthcare
- v) Springfield Home Care

Independent Living Contract

- i) Allied Healthcare
- ii) Care 24/7
- iii) Affinity Trust (formally TACT)

The Principal Officer Contracts, Business Development and Market Management Team in conjunction with Public Private Partnerships and Procurement Unit will formalise the extension with the service providers following the expiry of the Call- In period.

1 Purpose of this report

- 1.1 To seek a delegated decision of the Director of Adult Social Services, to approve an extension to the existing agreements with the independent sector cost and volume and independent living options home care providers, for a period of twelve months from the 1st November 2014 to the 31st October 2015.

2 Background information

- 2.1 The cost and volume contracts have been operating since 2006, following a competitive tendering exercise and award of the contracts through a delegated decision of the Director of Adult Social Services dated 23 January 2006. The Independent Living Options Contract (which is a homecare service for adults with a physical disability or sensory or cognitive impairment), has been operating since August 2006 and was awarded through a delegated decision of the Director of Adult

Social Services 7 August 2006. A replacement provider (Allied Healthcare) was added to the current cost and volume contract through a delegated decision of the Director of Adult Social Services 26 March 2009.

- 2.2 There are currently five providers on the cost and volume contract: Ark Home Healthcare Limited, Care UK, Housing 21, Allied Healthcare, Springfield Homecare and three providers on the Independent living contract: Allied Healthcare, Care 24/7 and Affinity Trust .
- 2.3 Both the cost and volume contracts and the Independent Living Options contract are regularly monitored through the Adult Social Care's Contract Monitoring Framework and the Quality Standard Assessment process. In addition to the systematic monitoring of providers, regular reports are submitted to the Home Care / Personal Assistant Commissioning Board concerning both the performance of the independent sector home care providers and the business considerations of the contract. Service performance and improved quality of outcomes for service users is of paramount importance in the provision of all services.
- 2.4 The legacy contracts were originally established to rationalise the home care market in Leeds. Throughout the lifetime of the cost and volume and the Independent Living contract the limited number of providers were unable to absorb all the work packages available to the service providers, requiring Adult Social Care, on occasion, to spot purchase outside the main contracts. In addition, given the large volume of work required under each contract, this restricted smaller and specialist organisations from being able to tender for work. To address these issues, Adult Social Care have replaced both the cost and volume contract and the independent living contract with a framework contract, procured in 2010; which is underpinned by a high quality comprehensive service specification which covers all services currently provided under each legacy contract.
- 2.5 Adult Social Care, having replaced both the cost and volume contract and the independent living options contract with a new framework contract, has significantly increased the number of providers available to the directorate, which has ensured consumer benefit in quality and choice. A partnership approach designed to be able to reflect changing national and local policies and priorities and the move towards outcome based in the purchase and delivery of personalised services and the development of new service models that meet the change in demographics, are culturally sensitive and reflects the personalisation agenda.
- 2.6 The Framework has the potential for greater competition on price, and price reviews in line with affordability for the consumer and Adult Social Care's ability to forecast expenditure within the pressures and constraints of budget management.

3 Main issues

- 3.1 As of 17 August 2014 191 service users were still in receipt of services under the cost and volume contract and 15 service users were still in receipt of services under the Independent living options contract. It is therefore crucial to the stability of the service users under the legacy contracts to continue receiving services from their current service provider. As well as the negative impact on transferring service users, the ending of the legacy contacts could possibly have a destabilising effect on the home care market in Leeds with a possible increase in cost and an impact on resources for other master projects being undertaken by Adult Social Care.

3.2 At the present time, there are a number of high profile sensitive projects requiring resources and commitment that would be affected if both the legacy contracts ended. For example:

- The growth and stability of the reablement service together with the continued implementation of early leavers and voluntary early retirement initiatives
- The development and commissioning of outcome focused person centred care
- The development of a sustainable model of community home care for 2016-2020
- The planned recommissioning and procurement of community home care services in 2016

Maintaining and shaping the market, provider vulnerability, changing culture, developing provider support strategy (should it be required) are all covered in the risk controls identified through the risk management process monitored and managed by the Home Care/Personal Assistant Board

4.0 Corporate Considerations

4.1. Consultation and Engagement

4.1.1 All consultation with service users and stakeholders was undertaken prior to the letting of both contracts. Service users have been involved in monitoring both contracts and service user feedback has contributed to the development of provider's evidencing service user involvement programmes contained within the ASC Quality Standard Assessment.

4.2 Equality and Diversity/Cohesion and Integration

4.2.1 An Equality, Diversity, Cohesion and Integration Screening Document has been completed. This found that the delegated decision to extend the legacy contracts was not relevant, in this instance, to equality and diversity. This is attached as Appendix 1

4.2.2 During 2010 ASC Commissioning established a new 'Framework Contract' for the delivery of independent sector homecare. An Equality Impact Assessment was completed which informed the entire commissioning and procurement process. Actions arising within the Framework Procurement include engagement with existing and potential service users, and establishing a home care user group to consult with on the Service Specification and having a home care user (disabled person) on the Tender Evaluation Panel. A further Equality Impact Assessment will be completed as part of the recommissioning of the Community Home Care Project

4.3 Council Policies and City Priorities

4.3.1 There are no specific implications for Council policy and governance with the recommendations contained in this report. The services provided under the contract will contribute to the Health and Wellbeing City Priority Plan.

4.4 Resources and Value for Money

4.4.1 The budget for independent sector homecare for the current financial year is £16.6 million (gross). A necessary step to ensure financial balance for 2014/2015 is to ensure the rates payable to independent sector providers, under both legacy contracts,

are maintained at the fees payable for home care at the 2009/2010 prices. All current payments in the legacy contracts are within budget.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 All the services provided under these contracts were Part B services under the Public Contracts Regulations 2006, and therefore not subject to the full tendering regime under the regulations. In addition, a full tendering exercise was carried out to replace these existing contracts, and new contracts commenced on 1 November 2010. In order to enter into the new contracts with the existing providers, it was necessary to invoke Contract Procedure Rule 31.1 and waive contract Procedure Rule 13 (Over £100k – High Value Procurements (Tenders)) agreed in the Delegated Decision of the Director of Social Services dated 4 March 2010, and the agreement to further extend these contracts in the Delegated Decision of the Director of Social Services dated 16th September 2010. In 2012, in consideration of the high number of service users receiving services at the end of the 2x12 extension periods as of 31st October 2012, it was necessary to enter into new contracts. In order to enter into the new contracts with the existing providers, it was necessary to invoke Contract Procedure Rule 31.1 and waive contract Procedure Rule 13 (Over £100k – High Value Procurements (Tenders)) agreed in the Delegated Decision of the Director of Social Services dated 11 October 2012.
- 4.5.2 The new Contract Procedure Rule 21.1 states Contract extensions are only permitted if they are put in place before the contract expiry date and where the proposed extension is in accordance with the contract terms. Prior to seeking approval from the relevant Chief Officer to take up a contract extension the Authorised Officer must comply with the requirements of CP3 to establish whether the extension will deliver Best Value. This process must be recorded in writing.
- 4.5.3 This decision is subject to Call-In and is on the List of Forth coming Key Decisions.

4.6 Risk Management

- 4.6.1 All associated risk identified in the delivery of services under both contracts has been appraised, and is monitored through a risk management process established by the Home Care/Personal Assistant Board. The risk register is continually reviewed and evaluated, to ensure the controls are in place in terms of the risk factor to LCC, organisations' financial stability, compliance with the terms and conditions of the contract and service specification, and to ensure competent staff are delivering quality services to service users.

5 Conclusions

- 5.1 In order to maintain the current service provision, based on the exiting contract terms and the price schedule for 2009/2010 for community care services; Adult Social Care will be able to maintain stability within the market and seek to achieve financial balance of the independent sector homecare budget.

6 Recommendations

- 6.1 The Director of Adult Social Services is recommended to, Under Contract Procedure Rule 21.1, agree a twelve-month extension of the contracts detailed in the report, with the providers listed below for a period from the 1 November 2014 to the 31 October 2015.

Cost and Volume Contract

- ii) Ark Home Healthcare Limited
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Independent Living Contract

- (i) Allied Healthcare,
- (ii) Care 24/7,
- (iii) Affinity Trust

7.1.2 Note the Principal Officer Contracts, Business Development and Market Management Team in conjunction with Public Private Partnerships and Procurement Unit will formalise the extension with the service providers following the expiry of the Call- In period.

7 Background documents ¹

None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.