

**Report of Interim Chief Officer, Commissioning /Consultant in Public Health**

**Report to Director of Adult Social Services**

**Date:** 27<sup>th</sup> July 2016

**Subject: Request to approve contract extension in accordance with Contracts Procedure Rule 21.1 for the existing Neighbourhood Networks contracts – LCC5014 and LCC5900**

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 checked="" type="checkbox"/> Yes	<input 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: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The current extensions for the Neighbourhood Network contracts LCC5014 and LCC5900 end on the 30<sup>th</sup> September 2016. This report seeks approval to utilise the built in option to extend both contracts for the remaining extension period up to and including 30<sup>th</sup> September 2018 (2 x 12 months). This extension will accommodate the joint service review scheduled to commence summer 2016 and any ensuing work to establish services post September 2018.
2. The contract LCC5014 has been in place since 1<sup>st</sup> October 2010. Contract LCC5900 is the same service specification and has been in place since 3<sup>rd</sup> September 2012. Both contracts are currently in the first extension period out of a potential of 3 x 12 months.
3. The services had previously operated under annual grant agreements prior to having contracts. A citywide review of older people's services resulted in the development of an outcomes-focused specification and the move to a contracting model for those organisations identified as operating as Neighbourhood Network schemes. All providers across both contracts have made good progress in meeting the outcomes that were stipulated in the newly developed specification.
4. Commissioning officers will utilise the time provided by the 2 x 12 month extensions to complete a full service review, develop proposals based on the

outcomes of this review and pursue any necessary work needed to establish service provision post September 2018.

5. Funding of the contracts is primarily from Adult Social Care (ASC) and the Public Health grant. The service review and ensuing commissioning work will take place with full knowledge that future funding is currently subject to a degree of uncertainty. The reports recommendation, to utilise both extension periods, is made with the appreciation that it may be necessary to review the financial provision covered in this report and supporting documents at a future date.

## **Recommendations**

6. The Director of Adult Social Services is recommended to approve the extension of the current Neighbourhood Network contracts (reference LCC5014 and LCC5900, shown in Appendix 2) under Contract Procedure Rule 21.1 for 2 x 12 month periods commencing 1<sup>st</sup> October 2016 to 30<sup>th</sup> September 2018. For this period the contracts have a combined value of £4,847,462.25. Funding will be met from ASC and Public Health grant, with a one-off Clinical Commissioning Group (CCG) contribution of £65,246 previously received as part of the add-on funding secured for the contracts.
7. The Commissioning Officer (ASC) will liaise with the Programmes, Projects and Procurement Unit to oversee the implementation of the extension of the existing arrangements before they expire on 30<sup>th</sup> September 2016. All providers affected by this decision will be contacted to notify them of the extension and any future intentions of Leeds Adult Social Care.

### **1 Purpose of this report**

- 1.1 To seek approval from the Director of Adult Social to action the 2 x 12-month extensions in line with Contract Procedure Rule 21.1 to commence 1<sup>st</sup> October 2016 until 30<sup>th</sup> September 2018. This provision is within the existing Neighbourhood Network contracts (LCC5014 and LCC5900).

### **2 Background information**

- 2.1 The Neighbourhood Network schemes first began development in 1985. This was in response to the growing numbers of older people in Leeds and the need to focus on preventing illness and promoting health, wellbeing and independence. The services were created to improve the lives of older people in the city by providing a variety of support with the focus of reducing social isolation and improving the quality of life for the individual. A key element of the services lays in the fact that older people and other community stakeholders are actively engaged in the planning and running of the services, both as consumers and contributors of social capital.
- 2.2 Between 2007 and 2009, a citywide review of the Neighbourhood Network schemes was conducted with NHS Leeds, a joint funder of the services at the time. This was initiated in an attempt to address the funding inequities that had developed across the City and to implement performance monitoring arrangements. Following the review, Leeds City Council and NHS Leeds entered into a comprehensive procurement exercise with the aim of securing

the future of the services provided by the Neighbourhood Network schemes for a further five years, increasing to a maximum of eight years when including the optional 3 x 12 month extension periods decided upon at the start of the procurement. The decision to establish such a long-term funding arrangement demonstrated the value placed upon these services by Leeds City Council. The ability of the Neighbourhood Network schemes to secure significant additional funding from other sources on the basis of this longer contract has demonstrated the value of this approach.

- 2.3 The procurement of the Neighbourhood Networks contract (LCC5014) commenced in August 2009 and was completed in February 2010. Due to concerns raised following the procurement, a decision was made to award contracts for thirty two of the areas while an independent review of the commissioning and procurement exercise was undertaken in relation to the final five areas based in East Leeds. Appendix 2 (Table 1) provides a breakdown of the annual funding allocated to those organisations awarded contracts under LCC5014.
- 2.4 In June 2011, the Executive Board approved the recommendation to undertake a renewed tendering process for the five remaining areas in East Leeds. This procurement process (LCC5900) resulted in the award of contracts for the five final areas in September 2012. All contract end dates and extension periods were kept the same as contract LCC5014 to maintain alignment between the two contracts. Appendix 2 (Table 2) provides a breakdown of the annual funding allocated to those organisations awarded contracts under LCC5900.
- 2.5 The funding summarised in Tables 1 and 2 includes the £300,000 of additional funding per annum made available in 2013/14 and approved for award via a report submitted to the Director of Adult Social Services on the 16<sup>th</sup> December 2013. Funding was awarded to support nine specific projects across eight of the Neighbourhood Network areas. In addition, a one-off contribution of £200,000 was secured from the Leeds CCGs to contribute towards these projects. A competitive process was held to access this additional funding and variations to contract put in place for each of the successful bidding organisations.
- 2.6 Originally, funding for the core contracts came from ASC and NHS Leeds. The NHS Leeds funding commitment to Neighbourhood Networks transferred to Leeds City Council as part of the transfer of Public Health into the Authority following the Health and Social Care Act 2012.

### **3 Main issues**

- 3.1 The Neighbourhood Network schemes are recognised as a pioneering, outcome-focused service. A recommendation made by the Institute of Public and Policy Research in the 2014 'Generation Strain' national report was for all Local Authorities to have 'neighbourhood networks for older people and their families in the areas that need them most'. Based on the monitoring data submitted at the end of the contract year 30<sup>th</sup> September 2015, the

Neighbourhood Networks have a collective membership of 22,508 older people and a total of 2,078 volunteers.

- 3.2 They help to provide greater choice and control in relation to day opportunities across the city. This is done within a community setting and includes delivering support that helps to tackle social isolation and contribute to improved health and wellbeing. This is provided alongside additional support such as advice, guidance and signposting.
- 3.3 In terms of further value, it was estimated that in the financial year 2014/15 the Neighbourhood Networks generated additional funding of £2.5 million. Analysis of financial accounts for each of the organisations showed that total expenditure to deliver Neighbourhood Network services across the city was in the region of £4.6 million.
- 3.4 The Neighbourhood Network schemes have developed and shaped their individual services throughout the lifetime of the current contracts. This has presented them with the freedom and autonomy to develop true, user-led services that meet the four key outcomes of the contract; as well as their wider goals as independent voluntary sector organisations. This has also provided the opportunity for schemes to share resources, activities and partake in joint funding bids as and when appropriate to their work. Some of the factors that can influence the offer of each individual scheme include: local demand and interests, volunteer capacity and income generation.
- 3.5 Generally the organisations that make up the Neighbourhood Network schemes have evidenced year on year growth in terms of membership. While this is a testament to the success of the Neighbourhood Network schemes, in some instances this has started to raise the issue of capacity. The extensions will allow officers to explore capacity in more detail as part of the service review.
- 3.6 The work of the Neighbourhood Network schemes is in line with the Best Council Plan as well as the key aims of the Care Act 2014, being: promoting people's wellbeing; enabling people to prevent and delay the need for care and support, and putting people in control of their lives so they can pursue opportunities to realise their potential.
- 3.7 Funding for the Neighbourhood Network contracts comes primarily from Adult Social Care and the Public Health grant. Despite pressure on Council funding and the Public Health grant the Council has maintained the support for the Neighbourhood Networks.
- 3.8 Though there is a planned funding reduction for 2017/18, of circa £50k due to anticipated reductions in the Public Health grant, there are no plans to reduce the Council support for the Neighbourhood Networks.
- 3.9 Adult Social Care Commissioning officers will monitor future funding pressures; reporting to delegated officers any changes or pressures as they may arise. This may necessitate requesting amendments to the decision

outlined in this report at a future date. However these amendments would likely not impact on the length of request, only the overall projected values. Reviewing these values is in line with Item 8 of the contracts' terms and conditions.

- 3.10 There is a continued commitment from Leeds City Council to support the ongoing work of the Neighbourhood Networks. This commitment will allow officers on behalf of Adult Social Care and Public Health to undertake a detailed, joint review of the existing contracts during the 2016-17 financial year and to identify arrangements for the service post September 2018. This commitment is made within the context of pressures on both core Council funding and the Public Health grant.
- 3.11 The recommendation to approve both 1 x 12 month extensions is made in recognition of the leverage and stability that a longer-term commitment brings to voluntary organisations when looking to secure further, third party funding. This third party funding is crucial to the sustainability of the services provided by the Neighbourhood Networks and the delivery of a wide range of opportunities. It is also recognised that both remaining extension periods will be needed to accommodate the service review and all ensuing work in securing service provision post September 2018. It is anticipated that the review will take approximately 12-months, allowing just over 12-months to undertake re-commissioning work.
- 3.12 Approval of this extension will help to ensure that services continue to be fit for purpose, to capture any continuing changes in demand and to ensure that the outcomes accurately reflect the expectations of those accessing the Neighbourhood Network schemes, as well as the aims of local and national strategies.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 During the original commissioning exercise for this service a range of stakeholders and service users were consulted with and their input was duly incorporated into the development of the service specification. This consultation and engagement was undertaken in partnership with NHS Leeds and included support from the University of Leeds.
- 4.1.2 All of the Neighbourhood Network schemes are governed by local people representing the communities they serve. These people steer the organisations as to how best to meet the outcomes that local older people want to achieve.
- 4.1.3 All of the organisations making up the Neighbourhood Network schemes engage in monitoring feedback from Service Users. This is reported quarterly as part of the ongoing contract monitoring process.
- 4.1.4 One of the key achievements of contracting the Neighbourhood Networks service was the benefits of longer-term financial security over the previous

circumstances of 12-month grant agreements. When engaging with organisations through contract monitoring it has been expressed that longer-term security benefits them in terms of attracting additional funding as well as managing staffing resources.

- 4.1.5 Expenditure relating to the current financial year falls within the approved Council Budget for 2016/17, which covers the first 6 months of the extension period up to 31<sup>st</sup> March 2017. The consultation involved in achieving this budget is covered in the Revenue Budget and Council Tax 2016/17 report presented by the Deputy Chief Executive for approval at full Council 24<sup>th</sup> February 2016. All expenditure outside of these first 6 months will be subject to similar consultation and reporting processes.
- 4.1.6 Consultation has taken place with the Director of Public Health with support to the decision confirmed by email 11<sup>th</sup> July 2016. Public Health officers were proactively engaged in the drafting of the report.
- 4.1.7 The intention to put these two extensions in place was placed on the Council's Forward Plan and published to the List of Forthcoming Key Decisions 6<sup>th</sup> June 2016. This list is published on the Leeds City Council public website and provides details on the decision and how it will be made. It also explains how people can give their views on the matter.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An Equality, Diversity, Cohesion and Integration Screening has been completed (see Appendix 1), which demonstrates that the service meets the desired equality requirements to cover the extension period.
- 4.2.2 Appropriate policies and procedures are in place with the providers.

## **4.3 Council policies and Best Council Plan**

- 4.3.1 The commissioning of this service is in line with current commissioning priorities and contributes to the 5 outcomes detailed in the Leeds Health and Wellbeing Strategy 2016-2021. It also contributes to the aim of the 'Making Leeds the best place to grow old in' Breakthrough Project as stated in the Best Council Plan 2015-20 and the Time of Our Lives' Strategy as overseen by the Ageing Well Board.
- 4.3.2 The services delivered by the Neighbourhood Network schemes are in line with the Adult Social Care Better Lives programme and in particular the Housing Care and Support and Enterprise strands, as well as the Public Health priority of healthy ageing. This is through the delivery of low level, preventative services that help contribute to maintaining an individual's independence within his or her own home and community and the strong focus on building community capacity and harnessing social capital.

#### **4.4 Resources and Value for Money**

- 4.4.1 The total value of this contract extension is £4,847,462.25. This will be met primarily from ASC budgets and the Public Health grant. A contribution of £65,246 from the CCGs is also available to support the Neighbourhood Networks.
- 4.4.2 Continuing funding at the current level of support is largely provided for in the base budget of ASC and the future plans of Public Health. In 2017/18 there is a planned reduction of £51,070 in the Public Health grant contribution (reflecting expected cuts), but at this stage there are no plans to reduce the overall level of Council support for these services.
- 4.4.3 It is anticipated that financial pressures will increase in the 2017/18 financial year as overall Council core funding and the Public Health grant are projected to reduce further. It will be necessary for officers within Adult Social Care Commissioning to identify the resources needed to meet funding shortfalls if the pressure is not to be passed on to frontline services. Otherwise discussions around reducing spend in line with funding available will be required.
- 4.4.4 The funding from the Leeds CCGs was received as a lump sum payment of £200,000 in support of the additional funding announced in 2013/14 for the Neighbourhood Networks. The value of £65,246 represents the total remaining budget from this one-off contribution.
- 4.4.5 The value of the extension is adjusted to capture the final 6-months of efficiency savings previously agreed with some of the organisations on the Neighbourhood Networks contract, equating to £10,393.75. A further adjustment of -£20,000 has been made to the second 12-months payment to Holbeck Elderly Aid to reflect a previous advance payment made August 2013. This payment was made on the agreement that it would be recouped in the final year of contact.
- 4.4.6 The Neighbourhood Networks provide quarterly performance monitoring information to demonstrate the quality of support offered. This support impacts positively on emotional wellbeing, physical fitness and nutritional wellbeing. An aim of this work is to improve and maintain older people's health and independence within the community, which should also help to reduce the need for more intensive service intervention. These outcomes are achieved largely by a workforce of 2,078 volunteers and 181 paid staff based on monitoring information submitted for the contract year to 30<sup>th</sup> September 2015.
- 4.4.7 The Neighbourhood Networks attract further funding into their local communities to complement the core funding provided by these contracts. This additional funding equates to £2.5 million, based on financial accounts ending in 2015.

- 4.4.8 In 2015/16 the Neighbourhood Networks made voluntary efficiency savings in light of the financial pressures facing the local authority. Organisations individually looked at their reserves and responded based on their financial positions. For some organisations this included spreading the efficiency savings across two or more financial years to help reduce any impact on service delivery.
- 4.4.9 There will be some resource implications in terms of monitoring and reviewing the contract in order to ensure the services meet the necessary outcomes. These resources will be provided from within existing provision in the Adult Social Care and Public Health commissioning teams.
- 4.4.10 The overall funding for this contract is held by Adult Social Care. This budget will continue to be monitored annually.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The decisions highlighted in this report will be taken by the Director of Adult Social Services in line with the officer delegation scheme as detailed in Part 3 of the Council's Constitution.
- 4.5.2 As the overall value of this decision exceeds £250,000 this decision is a key decision and is subject to call in.
- 4.5.3 The contract terms allow for the extensions to be taken up before their expiry date so long as they still deliver best value for money.
- 4.5.4 Although there is no overriding legal obstacle preventing the extension of these contracts the contents of this report should be noted. In making their final decision, the Director of Adult Social Services should be satisfied that the course of action chosen represents best value for the Council.

#### **4.6 Risk Management**

- 4.6.1 The previous procurement processes were conducted in accordance with the Council's Contract Procedure Rules in order to ensure that both followed a fair, open and transparent process. This will also be the case with any future procurement.
- 4.6.2 If the extension is not approved there is a risk that the existing services will cease and service users will no longer be able to access opportunities or support.

### **5 Conclusions**

- 5.1 By granting this extension period, continuity in service provision will be maintained as commissioning officers on behalf of both Adult Social Care and Public Health undertake a full review of the existing contract and all subsequent work.



5.2 The 2 x 12 month extension periods represent the remaining extension periods that were built into the contract and is in accordance with Contract Procedure Rule 21.1.

5.3 A Commissioning Officer on behalf of Adult Social Care will oversee implementation of the contract in conjunction with the Programmes, Projects and Procurement Unit and all services covered by the contract will be subject to continuing monitoring arrangements and review.

## **6 Recommendations**

6.1 The of Director of Adult Social Services is recommended to approve the extension of the current Neighbourhood Network contracts (reference LCC5014 and LCC5900, shown in Appendix 2) under Contract Procedure Rule 21.1 for 2 x 12 month periods commencing 1<sup>st</sup> October 2016 to 30<sup>th</sup> September 2018. For this period the contracts have a combined value of £4,847,462.25. Funding will be met from ASC and Public Health grant, with a one-off Clinical Commissioning Group (CCG) contribution of £65,246 previously received as part of the add-on funding secured for the contracts.

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## **7 Background documents<sup>1</sup>**

7.1 None

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<sup>1</sup> 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.