

**Report of** Interim Chief Officer, Commissioning

**Report to** Director of Adult Social Services

**Date:** 24<sup>th</sup> August 2016

**Subject: Request to approve contract extension in accordance with Contracts Procedure Rule 21.1 for the existing Extra Care Service Provision at Hampton Crescent, LS9 8NH (YORE-97GBEK)**

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 type="checkbox"/> Yes	<input checked="" 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. The current contractual arrangement for extra care service provision at Hampton Crescent, Richmond Hill LS9 8NH (reference YORE-97GBEK) is due to end on 31<sup>st</sup> October 2016. This report seeks approval to utilise the built-in option to extend the contract for a further period of 12 months. This extension will ensure continued service provision for the tenants living at the scheme.
2. The contract has been in place with the provider Creative Support since 1<sup>st</sup> November 2013. During this period performance has been noted to have been to a high quality. This is the first extension period out of a potential of 2 x 12 months.
3. The annual value for the contract is currently £233,453. Due to pressures introduced with the new National Living Wage, Creative Support has engaged with officers in Adult Social Care contracting team to agree a new annual value. Having reviewed the information supplied by Creative Support it is recommended that the contract value be revised to £244,078. This additional cost of £10,625 per annum is to be met through contingency funds established in anticipation of the pressures of the National Living Wage on Adult Social Care (ASC) contracts.
4. Creative Support has indicated that the pressures to be met through this increase have been present since April 2016 and have requested any price review be backdated to this point. These pressures had not previously come to light as the organisation had incorrectly believed them to be covered during wider contract negotiations taking place

with the Council. So far this year Creative Support has been meeting the difference between contract value and cost of service from its own reserves.

5. During the period of the extension ASC officers will review the service provision. This will include consideration of all wider commissioning work taking place on a citywide extra care model.

## **Recommendations**

6. The Director of Adult Social Services is recommended to approve the extension of the existing Extra Care Service Provision at Hampton Crescent, LS9 8NH (contract YORE-97GBEK) under Contract Procedure Rule 21.1 for a 1 x 12 month period commencing 1<sup>st</sup> November 2016 to 31<sup>st</sup> October 2017. The total value of this decision is £244,078, representing an increase on contract of £10,625 per annum. Funding for this service will be met through ASC budgets.
7. The Director of Adult Social Services is also recommended to approve a one-off payment of £5,312.50 to Creative Support to cover the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> October 2016, during which time the service provider will have been subsidising the cost of delivering the contract.
8. The Commissioning Officer (ASC) will liaise with the Programmes, Projects and Procurement Unit to oversee the implementation of the extension of the existing arrangement before it expires on 31<sup>st</sup> October 2016.

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

- 1.1 To seek approval from the Director of Adult Social Services to action the first of two 12-month extension periods in line with Contract Procedure Rule 21.1. The extension is to commence 1<sup>st</sup> November 2016 and run until 31<sup>st</sup> October 2017. The provision for this extension is within the existing contract for extra care support at Hampton Crescent (reference YORE-97GBEK).

## **2. Background information**

- 2.1 Hampton Crescent is a forty unit extra care establishment based in East Leeds, consisting of twenty 1 bedroom flats and twenty 2 bedroom flats. The site was developed by Anchor, the Registered Social Landlord, in agreement with Leeds City Council and officially opened in 2007. Anchor managed all service provision at the site, including extra care support. ASC has 75% allocation rights, comprising of not less than fifteen 1 bedroom flats and fifteen 2 bedroom flats. The provision of care and support, along with onsite 24-hour care staff presence, has historically been managed through a block contract arrangement.
- 2.2 In January 2013 Anchor notified ASC of the organisation's intention to cease covering the delivery of care services at Hampton Crescent on October 31<sup>st</sup> 2013. This decision was reached following a comprehensive business planning review of national extra care provision undertaken by Anchor. Housing related support at the site continues to be delivered by Anchor in the role of Registered Social Landlord.

- 2.3 An outcome focussed service specification was developed with input from Access and Inclusion. This document drew from the work put in to developing the Assisi Place extra care service specification and applied it to the existing block contract hours in place at Hampton Crescent. This resulted in a block contract for 383 hours of care per week, including an allocation of 63 hours for waking night time cover 7 days a week to respond to emergency alarm calls. Emergency alarm calls between the period of 7am and 10pm would be covered through spare staff capacity.
- 2.4 An open procurement process with a 60% quality / 40% price split was carried out and resulted in a total of 9 applications being submitted. Following evaluation the recommendation to award contract to Creative Support was made and approved via delegated decision 12<sup>th</sup> September 2013, delegated decision reference number D40373.

### **3. Main issues**

- 3.1 The initial 3 year period of the contract comes to an end 31<sup>st</sup> October 2016. This request to extend the contract for a further 12-month period is in line with the service specification and will ensure continuation of service under a contractual agreement.
- 3.2 When the Hampton Crescent contract was initially advertised this was done at the original existing value of £11.29 per hour. The procurement exercise saw the hourly rate increase to £11.72, with Creative Support tendering the best price as part of a competitive exercise. While part of a national review, the cost of delivering the service was a significant factor in the previous provider's decision to withdraw from the contract. This current request to increase the value of the contract takes the hourly rate up to £12.51 and represents an increase of £0.79 per hour. The grounds for the request are that the cost of delivering service is no longer met by the price paid for the contract. This pressure has arisen following salary increases introduced by the National Living Wage. The value of the increase is deemed to be reasonable in light of the original low value of the contract. This is a fixed price contract, however further impacts of the National Living Wage may need to be negotiated.
- 3.3 Creative Support has highlighted that the financial pressures associated with the contract have been present since April 2016. These pressures have not previously come to light as the provider had incorrectly assumed that the Hampton Crescent contract was covered through wider contract negotiations with Leeds City Council. Creative Support has requested that the review in contract value be backdated to 1<sup>st</sup> April 2016. This would equate to a payment of £5,312.50 for the period 1<sup>st</sup> April to 31<sup>st</sup> October 2016, when the current period of the contract ends.
- 3.4 Adult Social Care's approach to commissioning extra care in general within the city is to be reviewed. A new model focusing on individual budgets and direct payment has been developed and will first be established at Wharfedale View, a new extra care scheme under the management of Housing Leeds due to open in Yeadon in October 2016. Taking this approach will allow officers the opportunity to gauge the efficacy of the model and provide the opportunity to incorporate any necessary amendments before undertaking wider engagement and procurement across the city with existing block contract providers.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Creative Support regularly engages with tenants through consultation and feedback questionnaires as part of the monitoring process for the contract. This is to help ensure that the service continues to meet people's expectations and aspirations. The last consultation was carried out during the period 28<sup>th</sup> March to the 26<sup>th</sup> June inclusive with the next quarterly Tenants Forum meeting scheduled to take place 17<sup>th</sup> August 2016. Care and support at Hampton Crescent is of a high quality with the scheme assessed to be good overall when last inspected by the CQC in March 2016.
- 4.1.2 A briefing is scheduled for the 31<sup>st</sup> August 2016 to inform the Executive Board Member for Health, Wellbeing and Adults on the proposals contained in this report.
- 4.1.3 Expenditure relating to the current financial year falls within the approved Council Budget for 2016/17, covering expenditure up to and including 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 to take place 1<sup>st</sup> April 2017 onwards will be subject to similar consultation and reporting processes.
- 4.1.4 Any future ensuing procurement activity or changes to service arrangements will involve consultations with the provider, service users, carers and other stakeholders.

### **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 provider.

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

- 4.3.1 The work of extra care services helps contribute to the 5 outcomes detailed in the Leeds Health and Wellbeing Strategy 2016-2021. The nature and ethos of the services contribute to: people living longer and healthier lives; helping people to live full, active and independent lives; ensuring that people's quality of life is improved by access to quality services; involving people in decisions made about them, and; helping people to live in healthy and sustainable communities.
- 4.3.2 The Best Council Plan vision of Leeds being the best city for health and wellbeing is supported through the delivery of extra care services. This includes supporting more people to live safely and independently in an environment that they class as their own homes and giving people choice and control over their health and social care services.

- 4.3.3 The investment in and development of extra care facilities is covered under the housing, care and support strand of the Better Lives programme. The aim here is to provide a variety of housing options that are adaptable to people's changing needs.
- 4.3.4 The provision of extra care services means Leeds City Council is delivering and developing services in line with the ethos of the Care Act 2014, being "what can you do for yourself, within your local community, to help meet your own care needs". The overall environment of extra care services provides effective preventative services and information to help people maintain healthy and independent lives wherever possible.

#### **4.4 Resources and value for money**

- 4.4.1 The full value of the extension is £244,078. This consists of the original contract value of £233,453 and the additional increase of £10,625 in reflection of service staffing pressures arising from the new National Living Wage. While this is a fixed price contract, further impacts of the National Living Wage may need to be negotiated.
- 4.4.2 The budget has been identified within existing resources.
- 4.4.3 The original annual value of the contract was established through a competitive process with a 60% quality and 40% price split. This approach was taken to ensure value for money was a consideration during the evaluation process. At the time of the procurement Creative Support submitted the best annual price for delivering the service out of all the submissions that successfully met the minimum criteria.
- 4.4.4 There will be some resource implications in terms of monitoring and reviewing the contract in order to ensure the service continues to meet the necessary outcomes and that it delivers best value. These resources will be provided from within existing hours in the Adult Social Care commissioning and contracts teams.

#### **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 the extension is below £250,000 this means that this is a significant operational decision and is therefore not subject to call in. This report does not contain any exempt or confidential information under the Access to Information Rules.
- 4.5.3 The contract terms allow for the extension to be taken up before their expiry date so long as the service still delivers best value for money.
- 4.5.4 Although there is no overriding legal obstacle preventing the extension of the contract 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 existing contract agreement was set in place in line with the Council's Contract Procedure Rules.
- 4.6.2 If the extension is not approved there is a risk that the existing service will either cease or continue on an implied basis.

## **5. Conclusions**

- 5.1 In approving this extension service provision will be maintained and continue to be delivered under a signed contract agreement.
- 5.2 The Commissioning Officer will oversee implementation of the contract in conjunction with PPPU and all services covered by the contract will be subject to robust contract monitoring and on-going review, both in terms of quality and value.

## **6. Recommendations**

- 6.1 The Director of Adult Social Services is recommended to approve the extension of the existing Extra Care Service Provision at Hampton Crescent, LS9 8NH (contract YORE-97GBEK) under Contract Procedure Rule 21.1 for a 1 x 12 month period commencing 1<sup>st</sup> November 2016 to 31<sup>st</sup> October 2017. The total value of this decision is £244,078, representing an increase on contract of £10,625 per annum. Funding for this service will be met through ASC budgets.
- 6.2 The Director of Adult Social Services is also recommended to approve a one-off payment of £5,312.50 to Creative Support to cover the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> October 2016, during which time the service provider will have been subsidising the cost of delivering the contract.
- 6.3 The Commissioning Officer (ASC) will liaise with the Programmes, Projects and Procurement Unit to oversee the implementation of the extension of the existing arrangement before it expires on 31<sup>st</sup> October 2016.

## **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.