

**Report of Interim Deputy Director Integrated Commissioning, Adults and Health, Leeds City Council & NHS Leeds Clinical Commissioning Groups**

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**Report to** Director of Adults and Health

**Date:** 27<sup>th</sup> September 2017

**Subject: Request to approve a 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 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

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**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 2017. 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 final extension period out of a potential of 2 x 12 months. The contract itself is for 383 hours per week of extra care at Hampton Crescent.
3. The original annual value for the contract was £233,453. In the last extension this value increased to £249,820 in relation to pressures introduced with the increase to National Living Wage. Further increases to the National Living Wage have been taken into account when considering this extension, bringing the value of the 12-month extension to £263,834. This uplift consists of a £0.30 increase per hour for the period from the 1<sup>st</sup> November 2017 to 31<sup>st</sup> March 2018 (equivalent to an additional £3,269) and a further projected increase of £0.40 per hour from April 2018 to the end of the contract year 31<sup>st</sup> October 2018 (equivalent to an additional £10,745).

4. The value of £0.40 is based on projections published on the Office for Budget Responsibility website, with the actual value unlikely to be known until the Autumn Budget Statement is issued by Central Government. The total projected additional cost of £14,014 per annum (+/- £1,500 variance) is to be met through contingency funds established in anticipation of the pressures of the National Living Wage.
5. A service review and subsequent procurement will be carried out during the extension period to ensure continuation of service from 1<sup>st</sup> November 2018 onwards. Part of this review will explore the feasibility of incorporating the Leeds Living Wage into the future contract.

## **Recommendations**

6. The Director of Adults and Health 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 2017 to 31<sup>st</sup> October 2018. The total value of this decision is £263,834 representing an increase on contract of £14,014 for the 12-month period (+/- £1,500 variance). Funding for this service will be met through the Adults and Health budget.
7. The Commissioning Officer, will liaise with the Programmes, Projects and Procurement Unit to oversee the implementation of the extension before the current extension expires on 31<sup>st</sup> October 2017.

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

- 1.1 To seek approval from the Director of Adults and Health to action the second and final 12-month extension period in line with Contract Procedure Rule 21.1. The extension is to commence 1<sup>st</sup> November 2017 and run until 31<sup>st</sup> October 2018. The provision for this extension is within the existing contract for extra care support at Hampton Crescent (reference YORE-97GBEK). The report also requests the value of the contract be reviewed in light of changes introduced to the National Living Wage, including changes introduced in April 2017 and projected changes to be introduced during the time frame of this extension.

### **2. Background information**

- 2.1 Hampton Crescent is a forty unit extra care scheme based in East Leeds, consisting of twenty 1 bedroom and twenty 2 bedroom apartments. 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 up to 31<sup>st</sup> October 2013. 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 A procurement exercise for the care element and onsite presence was undertaken following notification from Anchor of their intention to cease covering the delivery of care services at Hampton Crescent. The decision to cease these services was reached by Anchor following a comprehensive national business planning review of

extra care provision. Housing related support at the site continues to be delivered by Anchor in the role of Registered Social Landlord.

- 2.3 A new, outcome focussed service specification was developed working with the existing block contract hours set 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 to establish the 24-hour on site staffing presence.
- 2.4 Following an open procurement process the recommendation to award a contract to Creative Support was made and approved via delegated decision 12<sup>th</sup> September 2013, delegated decision reference number D40373.
- 2.5 Outside of extra care Leeds City Council signed up to Unison's Ethical Care Charter in May 2015 as part of the work on homecare services. The charter commits employers to move away from zero hour contracts, ensure the national minimum wage and travel time are paid, as well as progress to a 'living wage' and provide good quality training to all staff.
- 2.6 To date the Charter has only applied to the homecare framework, approved 11<sup>th</sup> January 2016. This was following wide consultation about the homecare plans, working with staff, unions, homecare users and providers. However, part of the work on the contract will be to explore the viability of extending the Leeds Living Wage to this contract. The outcome of this research would be presented and approved before incorporating into any future service specification.

### **3. Main issues**

- 3.1 The first of the two potential extension periods comes to an end 31<sup>st</sup> October 2017. 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 This is the second of the maximum two extension periods built in to the original contract. During the initial months of the extension a review of how the contract has performed will be undertaken. This will be followed by a procurement exercise to establish service provision from 1<sup>st</sup> November 2018 onwards.
- 3.3 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. The last contract extension saw this rate increase again to £12.54 per hour, an uplift deemed reasonable in reflection of the original low value of the contract and increasing staffing costs linked to the National Living Wage. This extension request includes an uplift that takes the 12-month value of this contract to £263,834. This gives a new hourly rate of £13.25 per hour on average for the extension period, an increase identified as necessary in light of further changes to the National Living Wage. This rate continues to compare favourably with the homecare rate for the zone where Hampton Crescent is located.

- 3.4 Adult Social Care's approach to commissioning extra care in general within the city is under review. A new model based on individual budgets and direct payment has been developed and established at Wharfedale View, a new extra care scheme under the management of Housing Leeds in Yeadon. This model is working effectively to date though would require further analysis and discussion before being considered wider for existing schemes. Additionally efficacy would need to be assessed on a scheme by scheme basis. The aim of this work will be to ensure a fair and considered process.

## **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. Care and support at Hampton Crescent is recognised to be 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 was presented 24<sup>th</sup> July 2017 to the Executive Board Member for Health, Wellbeing and Adults on the proposals contained in this report.
- 4.1.3 The intention to utilise this 12-month extension was added to the list of forthcoming key decisions 2<sup>nd</sup> August 2017.
- 4.1.4 Expenditure relating to the current financial year falls within the approved Council Budget for 2017/18, covering expenditure up to and including 31<sup>st</sup> March 2018. The consultation involved in achieving this budget is covered in the Leeds City Council Revenue Budget and Council Tax 2017/18 report presented by the Deputy Chief Executive for approval at full Council 8<sup>th</sup> February 2017. All expenditure to take place 1<sup>st</sup> April 2018 onwards will be subject to similar consultation and reporting processes.
- 4.1.5 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 reflects 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 £263,834. This consists of the current contract value of £249,820 and the projected additional increase of £14,014 in reflection of service staffing pressures arising from the revised National Living Wage and future 2018/19 increment.
- 4.4.2 The budget has been identified within existing resources. The impact on the current 2017/18 budget will be £3,268, with the uplift to reflect the increased National Living Wage starting from October onwards. The cost of service is projected to increase again from current contract value by a projected £10,745 in 2018/19 for the period April 2018 until the end of the contract year 31<sup>st</sup> October 2018. This projected increase reflects the £0.40 projection published on the Office for Budget Responsibility website, however the final agreed value will not be known until Central Government publish the Autumn Budget Statement at the earliest. In light of this the recommendation includes a variance of +/- £1,500.
- 4.4.3 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 Adults and Health 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 above £250,000 this is a key decision and is therefore 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 the 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 Adults and Health 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 review, both in terms of quality and value.

## **6. Recommendations**

- 6.1 The Director of Adults and Health 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 2017 to 31<sup>st</sup> October 2018. The total value of this decision is £263,834, representing an increase on contract of £14,014 for the 12-month period (+/- £1,500 variance). Funding for this service will be met through the Adults and Health budget.
- 6.2 David Peel, Commissioning Officer 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 2017.

## **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.