

# Authority to incorporate 12 bungalows into the procurement of an extra care support service for the Housing Leeds Middleton site scheduled to open Autumn 2023

Date: 7<sup>th</sup> December 2022

Report of: The Deputy Director of Integrated Commissioning

Report to: The Director of Adults and Health

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

The report seeks approval to add the 12 bungalows at the Middleton Extra Care site being developed by Housing Leeds into the main contract for extra care for the site. This is to accommodate the bungalows being available to older adults aged above retirement age, though the prioritisation of the bungalows will continue to be for working age adults. This adjustment has become necessary as a measure to minimise the bungalows standing void for any protracted periods of time. This is a possible risk due to additional costs for working age adult nominations that have come to light since the original report requesting authority to procure was submitted and which is a direct consequence of the regulations governing Universal Credit. The cost of including the 12 bungalows is estimated to add up to a further £87,746.39 per annum to the inferred value of the contract. This income would not be paid directly through the contract but would be paid through either Direct Payments or managed budgets instead. Over the maximum five-year life span of the contract this would equal further possible income of up to £438,731.95.

## Recommendations

- a) The Director of Adults and Health is recommended to approve the addition of the 12 bungalows at the Middleton site to the wider procurement of extra care support services for the scheme based on the reasons presented in this report. Once approved commissioning officers will commence procurement at the earliest opportunity with the view to awarding contract from the 1st July 2023. This contract will run until 30<sup>th</sup> June 2026 with the option to extend for a further period of up to 24 months in any combination. Expenditure of £20 per annum will be incurred by the Council as part of the contract arrangement to provide direct financial consideration between Adult Social Care and the eventual service provider. The inclusion of the bungalows is estimated to add a further £87,746.39 to the potential annual income for any selected provider. This will be achieved through charges for planned care and support for which Adult Social Care (ASC) may be liable for up to 100% of the cost. This

expenditure would take the form of Council contributions towards individual care costs following a financial assessment and falls under the Council's statutory duties as defined in the Care Act 2014.

- b) The Director of Adults and Health is recommended to note that officers on behalf of Adults and Health Integrated Commissioning and Procurement and Commercial Services will complete all the actions necessary to ensure the arrangements for the bungalows and wider extra care site are completed and a contract is in place for the 1<sup>st</sup> of July 2023, including suitable lead-in time.

### **What is this report about?**

- 1 On the 23rd of March 2022 a report seeking the authority to procure an extra care support service for a new scheme to be developed by Housing Leeds at the Throstle Recreation Grounds, Middleton, was authorised. The scheme is currently in development with the final size of the core development being 60 apartments to which Adults & Health will hold 100% nomination rights. The original report noted that there would also be 16 bungalows on the site, 12 of which were to be allocated as supported living for working age adults with the remaining four being general purpose accommodation for older people.
- 2 Due to the national programme to transition from Housing Benefit to Universal Credit, new implications around direct costs to individuals has arisen. This impacts on working age adults, with individuals of retirement age or older still being supported through Housing Benefit, and so has required a remodelling of the approach to the 12 bungalows originally identified for support of working age adults. To minimise the risk of properties standing empty a hybrid approach to the bungalows is to be taken. This will see the bungalows open to nominations for individuals of working age or older people. This approach requires a slight adjustment to the service specification but also has the implication that there are further properties that may be potentially covered by the extra care contract rather than the framework for 'Supported Living, Outreach and Domiciliary Care Services for Working Age Adults in the Leeds City Council Metropolitan District Area'
- 3 Access to the apartments and bungalows will be through a local nominations panel in the first instance following a social care assessment, though referrals will be sought from across the city in support of apartment uptake. Housing Leeds will be providing all landlord functions, including housing related support with Adults & Health ensuring there will be a suitable onsite care provider to offer planned care and support as well as 24-hour staffing to respond to unplanned care.
- 4 The proposed contract that the bungalows will be part of is for a period of 3-years with the option to extend for a further period of up to 24 months in any combination. The actual annual value of this contract is £20 per annum, giving a total contract value of £60 for the initial three years (£100 for the full five-year period). This value exists because there is no direct purchase of service made through the contract; the 24/7 onsite care team presence is privately paid for by residents and any planned care and support purchased from the onsite care provider, following an eligibility determination under the Care Act 2014, will be done either through Direct Payments or managed budgets held by Leeds City Council on behalf of individuals who opt to manage their care this way. These arrangements are subject to separate individual contracts that are entered into between the resident and the provider.
- 5 This report is submitted as a Significant Operational Decision rather than an administrative decision due to the estimated potential aggregated cost that will be incurred through managed budgets and/or Direct Payments for planned care and support, which for the 12 bungalows is estimated as being up to a value of £263,239.17 across a three-year period and up to an estimated value of £438,731.95 across the full five period. This would be covered for older people through the extra care contract being procured and for working age adults under the

existing 'Supported Living, Outreach and Domiciliary Care Services for Working Age Adults in the Leeds City Council Metropolitan District Area' framework. Costs would be met through the respective community care budgets.

### What impact will this proposal have?

- 6 The work of extra care services helps contribute to the current Leeds Joint Health and Wellbeing Strategy outcomes, namely: 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. Extra care also contributes to meeting outcomes under the domains of 'Health and Wellbeing' and 'Age-Friendly Leeds', which form part of the Best Council Plan 2020-2025.
- 7 In authorising the recommendations made within this report, the 12 bungalows at the Middleton extra care scheme will be available to a wider group of individuals though with the priority for nominations still focusing on adults with physical disabilities. The bungalows being available to a wider client group will further help to minimise the risk of the bungalows standing empty for any protracted periods of time, which arises from the differences between Universal Credit for working age adults and Housing Benefit for those adults aged 67 and over.

### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 The work of extra care services helps contribute to all of the outcomes stated in the current Leeds Joint Health and Wellbeing Strategy. 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.
- 9 The main domains of the Best City Priorities as stated in the Best Council Plan 2020-2025 that this report contributes towards are 'Health and Wellbeing' and 'Age-Friendly Leeds'. The eventual contract will work towards achieving the outcomes: 'Be safe and feel safe'; 'Enjoy happy, healthy and active lives', and; 'Live with dignity and stay independent as long as possible'.

### What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 10 This request to incorporate the bungalows into the authority to procure is in line with Contract Procedure Rules and will see officers establish an onsite care provider for the Middleton extra care scheme once it is completed in 2023. This request will ensure that older people placed in the bungalows can be covered under the main contract, with the 'Supported Living, Outreach and Domiciliary Care Services for Working Age Adults in the Leeds City Council Metropolitan District Area' framework arrangement covering placements made for working age adults. Housing Leeds is a key stakeholder and as such has been engaging with local Ward Members around the development of the Middleton site. The care service will be an integral part of the scheme with services delivered in line with established specifications established at other schemes across the city.

- 11 If the placements to the bungalows are older people they would be covered by the extra care service specification that covers the wider site. This service specification consists of two parts; a detailed breakdown of the 24/7 wellbeing provision alongside the current home care contract, which summarises how planned care and support is to be managed and delivered. Both of these elements have been the subject of previous consultations to help inform and shape the overall service specification. If the placement was for a working age adult then this would be done under the 'Supported Living, Outreach and Domiciliary Care Services for Working Age Adults in the Leeds City Council Metropolitan District Area' framework contract.
- 12 Discussions have been held with colleagues from Housing Leeds, who are a key partner at this scheme and will be responsible for the landlord function in the long term. These discussions have covered both the main site of 60-apartments and the bungalows. The provision to covering activities such as day to day social opportunities for individuals living at the proposed scheme has also been discussed and a shared approach between the care provider and landlord has been outlined in the service specification. This forms part of the wellbeing component of the service.
- 13 Discussions have been held with Procurement and Commercial Services colleagues to highlight the scope of the proposed procurement and the schedule that commissioning officers are working to. Colleagues from the working age adults team within commissioning have been engaged in these discussions and will play a part in the procurement as it proceeds.
- 14 The Executive Board Member for Adult Social Care, Children's Social Care and Health Partnerships was made aware of the developments relating to the bungalows on the 21st November 2022. This compliments previous briefings made with regards to the overall site and procurement back in February of this year.
- 15 As part of the wider engagement around the development of the site itself, colleagues in Housing Leeds have kept Ward Members updated on progress throughout and have engaged with them on design including any key changes to design, street and extra care naming, the pre-planning public consultation and any on site activity that may be in the interest of the local community. The Housing Leeds project team have also met with the Ward Members on a number of occasions and have introduced them to the contractor responsible for the site development.

### **What are the resource implications?**

- 16 The direct contract value with Leeds City Council for the whole site will be £20 per annum, £60 for the three-year contract. This increases to £100 for the full five years of the contract. As noted, the whole site would consist of 60 extra care apartments available to older people, the procurement relating to these authorised in March 2022. Alongside these apartments will be the possibility of a further 12 bungalows available to older people or working age adults.
- 17 The nominal figure given within this report is set in place as there will be no other direct payment as part of the contract between Leeds City Council and prospective provider and there is no guarantee that care hours associated with any nominations will be available to the provider as this will be subject to individual choice.
- 18 The total estimated cost associated with the bungalows, through either Direct Payments or managed budgets, is estimated to be £263,239.17 for the three-year contract, equalling £438,731.95 across the full five years. This estimate has been calculated based on the balanced community model summarised in Table 1. This model makes assumptions of the size of packages distributed over categories of high care (40% of the community), moderate care (30% of the community) and low care (also 30% of the community). The final assumption made for the purpose of this report is that the hourly rate will be around £19.28. This value varies from the £16.41 quoted in the original report for the overall site, which was based on the 2021/22 estimated hourly rate of extra care. Again, the value here is a representative value only

and is an average calculated based on current 2022/23 rates across other extra care schemes commissioned under the same model.

Care Level	Avg hrs	Apartments	Hours p/wk	£ p/wk at £19.28 p/hr
High (40%)	10 hours	5	50	£964.25
Moderate (30%)	7.5 hours	4	30	£578.55
Low (30%)	2.5 hours	3	7.5	£144.64
<b>Total</b>		<b>12</b>		<b>£1,687.43</b>

**Table 1.** Average hours per week for the 12 bungalows to a 40:30:30 balanced community split

- 19 The costs estimated in this report are based on the assumptions that all nominations made to the scheme will be covered by the successful provider, what the demand presented as part of those nominations will be and does not make any adjustments based on individual contributions towards meeting the cost of care following a financial assessment. The costs estimated in this report are to be met either as part of the home care budget when relating to older people or from the physical sensory impairment working age adults budget for any placements under the age of 65.
- 20 The annual costs arising through Direct Payments or managed budgets as a product of the contract will increase in line with any agreed adjustments made as part of the Council's commitment to becoming an accredited Living Wage Employer. The funding to meet any probable future pressure will be addressed through the Council's Medium Term Financial Strategy, which gives consideration to committing to a real living wage.
- 21 Due to the nature of the procurement process there is a potential for the estimated value included here to change in light of higher bids, fluctuations in the actual packages of work, fluctuations in client take-up and any future market changes that may directly impact on the services covered within this report and the eventual contract it pertains to.
- 22 There will be some resource implications in terms of monitoring and reviewing the services provided to the bungalows, but these will be covered as part of the overall contracts in place for both services to older people and working age adults. These resources will need to be provided through the A&H commissioning and contracts teams.
- 23 When considering value for money, the most relevant comparison for extra care is a residential-type service. This is due to both services sharing commonalities around staffing costs, with both extra care schemes and residential homes requiring adequate care staffing to ensure a feasible 24-hour presence. In Leeds in 2022/23 the standard weekly cost of residential care to the Council is £626 per person. If applied to the 12 bungalows here that would give a cost of £1,953,120 for the full five years of the contract. An alternative benchmark assuming only high levels of care would go into residential while lower levels would be met through community-based home care gives a total contract value of £1,013,577.50. The home care hourly rate used for this benchmarking is the current urban rate of £20.49, to which the extra care rate of £19.28 compares favourably. In all instances the bungalows as a service type evidence value for money.

### **What are the key risks and how are they being managed?**

- 24 The approach to the 12 bungalows at the Middleton site covered within this report has been reached following discussions between senior colleagues representing Housing Leeds and the Adults and Health Directorate and is recognised as the best solution due to the developments around benefit rules. Further advice and guidance around the approach to addressing this change to the original proposal has been obtained from colleagues in Democratic Services.

- 25 The overall procurement will be conducted in accordance with the Council's Contract Procedure Rules in order to ensure that a fair, open and transparent process is undertaken. The procurement process also provides the best means to identify a quality service at the best value.
- 26 A key risk would be the failure to identify and establish a fit for purpose provider within the time allotted. This risk has increased since the request to procure a service for the overall site was first made, though this is mitigated for to some extent by slippages in the build stage of the project. A risk log will be maintained as part of the procurement process to help minimise any disruption to the process itself. The outcome will ensure a registered onsite care provider is established at the Middleton extra care scheme in time to meet the needs of tenants and individuals who have been assessed as requiring care and support under the Care Act 2014.

### **What are the legal implications?**

- 27 Whilst the direct annual amount for the overall contract between the Council and the provider is £20 per annum (£100 over the lifetime of the contract including the extension period of up to 24 months), officers have opted to submit the report as a Significant Operational Decision due to the high value of potential costs through Direct Payments and managed budgets the Council would incur in relation to the bungalows if they were either allocated to older people or working age adults. This report does not contain any exempt or confidential information under the Access to Information Rules.
- 28 These comments should be noted by the Director of Adults and Health in making the final decision as to approve the inclusion of the 12 bungalows in the procurement for extra care provision at the Middleton site for the benefit of either older people or working age adults. This is proposed as the best course of action for the Council and that in doing so it represents best value for the Council.

### **Options, timescales and measuring success**

#### **What other options were considered?**

- 29 The bungalows were originally intended to provide accommodation for working age adults. With the factors introduced due to differences between Housing Benefit and Universal Credit it is necessary to take a more broad-stroke approach to minimise the risk of properties standing empty for protracted periods of time. Reflecting that the bungalows may be allocated to older people as well as working age adults in the wider procurement will help to cover this.
- 30 These developments were not known at the time of the original request for the authority to procure and so could not have been reflected on in that report.

#### **How will success be measured?**

- 31 Success will be measured by ensuring the smooth integration of a more flexible approach to the bungalows into the procurement for the overall site. This will ensure the bungalows and their related demand are fully reflected in the procurement to secure a high-quality care provider at the best value. Service delivery to the bungalows will either be captured through the monitoring for the main site if supporting older tenants, or through the 'Supported Living, Outreach and Domiciliary Care Services for Working Age Adults in the Leeds City Council Metropolitan District Area' framework contract and associated monitoring.

## **What is the timetable and who will be responsible for implementation?**

32 If the authority to incorporate the bungalows into the competitive procurement for a service provider is approved commissioning officers and Procurement and Commercial Services will commence the procurement at the earliest opportunity with the aim of awarding contract by the Spring of 2023 so as to allow adequate lead-in for the projected mid-2023 launch of the extra care scheme.

## **Appendices**

- Appendix 1: Equality Impact Assessment

## **Background papers**

- None