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**Decision Maker:** EXECUTIVE

**For Pre decision scrutiny by  
Care Services Policy Development and Scrutiny Committee**

**Date:** 23<sup>rd</sup> September 2015  
14<sup>th</sup> October 2015

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** **PROCUREMENT STRATEGY FOR PROVISION OF CARE  
SERVICES IN EXTRA CARE HOUSING**

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**Ward:** Boroughwide

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1. Reason for report

- 1.1 This report sets out options and recommendations for the care and support services in the Extra Care Housing schemes in the borough when the current contracts expire.
- 1.2 The report also recommends that the extra care housing services currently provided by the in house Direct Care Service be included in the tender.

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2. **RECOMMENDATION(S)**

Members of the Policy Development and Scrutiny committee are asked to comment on the report.

The Executive is asked to agree:

- 2.1 that the contracts for care and support in Bromley's six extra care housing schemes be tendered;
- 2.2 that the contract length will be for a period of five years with the potential to extend for a further two years plus a further two;

- 2.3 that in order to facilitate the tendering of care and support in one contract, the contract with Hanover Housing Association to deliver housing related support in Crown Meadow Court be extended for one year from 25<sup>th</sup> March 2016 until 24<sup>th</sup> March 2017; and
- 2.4 that in order to facilitate the bundling of a number of separate contracts, the contract with Mears Care to deliver care in Crown Meadow Court be extended for a maximum period of one year from 25<sup>th</sup> March 2016 until 24<sup>th</sup> March 2017.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
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### Financial

1. Cost of proposal: Estimated cost £2.4m
  2. Ongoing costs: Recurring cost. £2.4m
  3. Budget head/performance centre: Extra care housing 829\*\*\*\* Older people 824500/501/502
  4. Total current budget for this head: £ £2.4m
  5. Source of funding: Revenue Support Grant
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### Staff

1. Number of staff (current and additional): 47.54 FTE in in house extra care schemes
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: Non-statutory - Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 271 at any one time
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

#### Background

- 3.1 Bromley has the largest population of over 65s in London, exceeding 56,000 in 2014 – this represents 17.5% of the population and an increase of over 4000 since 2011. The number of people 80+ has increased by around 1,000 since 2011. This latter cohort are the most likely to have multiple long term health conditions and complex care needs, requiring intensive packages of support from social care. It is also estimated that there are currently over 4,200 people with dementia in Bromley, with this number set to rise to 4,650 by 2020.
- 3.2 The Council's strategy for long term care for older people is to support independence by moving away from a reliance on residential care towards a new mix of services, marked by a greater emphasis on supporting independent living at home. Since 2004 reports to Members have highlighted the potential of extra care housing for older people as an alternative to residential care. Promoting choice and independence are two of the central concepts of current policy and legislation on health, housing and social care. The Department of Health champions extra care housing on the basis that it has potential to offer choice and independence to very frail or disabled older people whose care needs might have traditionally been met by residential care.
- 3.3 The Council's strategy assumed that by 2013/14 there would be 140 new units of extra care, with a consequent reduction in the number of people in residential care to 218. Potential savings were calculated on the basis of the reduced costs to the Council of supporting someone with high level care needs in extra care rather than residential care. In 2008 this was estimated to be between £170 and £220 per week per person. Assuming all of those provided with extra care housing would otherwise have required residential care the annual savings to care costs from these 140 units were estimated to be as much as £1.3m by 2012. Even allowing for the slightly lower number of new units (115 rather than 140), as the results of the tenders for care and support services in the new schemes produced extremely competitive rates, the savings increased to £1.5m from 2013/14.
- 3.4 Officers have presented regular reports to Members setting out the progress with implementing the strategy. The target number of units has been adjusted over time to reflect demand for this type of housing. Three new extra care schemes were developed in partnership with Hanover Housing Association providing 170 new places and 3 older schemes were closed, the latest being Lubbock House which closed in Summer 2015. The three new schemes are owned by Hanover Housing Association who are the landlords; Apsley Court is owned by A2 Housing, and Durham House and Norton court are owned by Affinity Sutton who are the respective landlords in these schemes.
- 3.5 The table below sets out the list of current schemes, how care and support is provided and shows contract expiry dates where applicable.

Scheme	Number of units	Care provider	Care Contract Expires	Housing Related Support Provider	Housing Related Support Contract Expires
Apsley Court St Mary Cray	26	LBB Direct Care Service	n/a	LBB Direct Care Service	n/a

Durham House Shortlands	30	LBB Direct Care Service	n/a	LBB Direct Care Service	n/a
Norton Court Beckenham	45	LBB Direct Care Service	n/a	LBB Direct Care Service	n/a
Crown Meadow Court Bromley Common	60	Mears Care	24.3.2016	Hanover Housing Association	24.3.2016
Regency Court Bromley Common	60	Sanctuary Care	20.8.2016	Hanover Housing Association	30.7.2016
Sutherland House Penge	50	Sanctuary Care	20.8.2016	Hanover Housing Association	4.11.2016
<b>Total</b>	<b>271</b>				

## Financial position

- 3.6** Members will be aware from previous reports that there have been significant budget pressures in extra care housing partially arising from the high void levels. The recent closure of Lubbock House, which reduced the available units by 30, was designed to improve the void position. However even allowing for all of the existing voids being filled during 2015 there remains a significant ongoing pressure arising from the increasing complexity of the needs of residents supported in extra care resulting in the average support hours in the external schemes averaging 15/16 hours per week compared to the anticipated 12 hours per week. This position is also reflected in the in house schemes.

	<b>Budget 2015/16 £000s</b>	<b>Projected outturn £000s</b>	<b>Variance £000s</b>
In house schemes	1,063	1,313	250
External schemes	1,326	1,406	80

- 3.7** The strategy assumed that the provision of extra care would reduce the number of people in residential care. There were 415 people in residential care at the end of March 2008. By the end of March 2015 this had reduced to 304 (compared to 218 assumed in the original projections). As at end of August 2015 there are still 293 people in residential care. This suggests that admissions to extra care are not only people who would otherwise have been considered for residential care, but that in effect extra care is absorbing some of the increase in demand for intensive care and support arising from the needs of the ageing population. The length of stay in care homes is also increasing from an average of approximately two

years to an average of 2.4 years. This means that at any given time there are more people in residential care than previously projected.

- 3.8 Taken together, the spend for residential care (which should reduce as people move into extra care instead) and the spend for extra care should be containable within the total budgets for these services even allowing for the increased number of care hours in extra care. This is the position currently. It is likely that tendering will result in service and financial efficiencies which will help to reduce the budget pressures. Should Members agree to the proposals in this report there will be further discussions with Finance and Care Services to identify the action which needs to be taken to ensure that the future cost of the service continues to be contained within the overall available budget. If this cannot be established a further report on the financial position will be brought to Members before any action is taken on the tender.

### **Tender proposal**

- 3.9 The initial contracts with Mears Care, Sanctuary Care and Hanover Housing expire in 2016 and officers have met with the housing and care providers to review the service specifications and performance to date. Although there is provision to extend the contracts, the lessons learned during the initial contract term suggests there would be benefits in reconfiguring the model of care and support which could be achieved through retendering at this point. The model is explained in more detail below.
- 3.10 A report to Executive on 11<sup>th</sup> February 2015 agreed the market testing of the remaining Direct Care Services including extra care housing and in line with that decision it is proposed that the Council retenders the care and support in Apsley Court, Durham House and Norton Court along with the care and support services in Crown Meadow, Regency and Sutherland Courts in order to rationalise provision across all of the schemes.

### **Model of care and form of tender**

- 3.11 The LBB Direct Care Service delivers a service model whereby all care, housing related support and activities are delivered by the Care Team. In the schemes where the care is provided by an external provider the landlord also has a contract for the delivery of housing related support and activities. The contract arrangements for external schemes require the care provider and the support provider to liaise closely in order that the residents are facilitated to access the mainstream activities provided within the schemes. The separation of contracts and the division of effort results in an additional layer of organisational complexity in the services without adding any service enhancement and therefore it is recommended that in future the provision of the support / activities function will be added to the care specification in all the schemes. There will still be an option for the care provider to sub-contract the provision of housing related support to a third party should they consider that this would provide a more effective service.
- 3.12 To manage the risk of over exposure to one provider it is intended to seek to contract with a minimum of two providers and a maximum of three providers across the six schemes. This should deliver some cost efficiencies on management overheads and potentially facilitate some movement of staff between schemes where appropriate. There is also scope for organising joint activities between schemes and co-ordinated activity management.
- 3.13 There are advantages to be gained through the sharing of experience, expertise and quality by partnering in house schemes with the externally managed schemes. It is therefore proposed that the tender will require providers to bid for a mix of in house and externally managed schemes.

- 3.14 There is a thriving market for the provision of care and support in extra care housing schemes. There are at least 10 major older peoples' housing providers active in the market nationally including for example Hanover Housing, Housing 21, Sanctuary Care, Mears Care, Anchor Housing, and MHA. There are also a significant number of more local domiciliary and extra care providers active in the market. Currently there are around 160 extra care schemes operating across London with a variety of care and support providers. The procurement exercise will include an open day for providers at which information about all the schemes will be made available. There will also be an opportunity for service users to participate in this process.
- 3.15 The majority of extra care schemes are set up by local authorities using a form of "core and flexible" hours model which is the Council's current approach in the external schemes. This provides for a basic number of core hours provided to each resident (currently 7 or 10 hours in the Bromley schemes) with residents able to receive their additional hours either from the contracted provider or in the form of a direct payment to secure their own provision. The ability for service users to receive their support in the form of a direct payment is a requirement of the Care Act 2014 and must be provided for in extra care. London Borough of Enfield has recently tendered their extra care provision and their "core and flexi" model is considered by other local authorities to be an improvement on block contracting. However it is not significantly different from Bromley's current model and it assumes a much more diverse community of residents (i.e. including people with very low care needs) than in Bromley. It is recognised that the current Bromley model requires some improvement to ensure that costs are contained and providers will be asked to demonstrate how they will meet the desired outcomes for service users (i.e. maximising independence and minimising dependence on care and support) as well as achieving efficiencies through more effective management of staff.
- 3.16 As one procurement exercise will be conducted including all the schemes, this could result in changes of care provider throughout all of the schemes which would require careful management. It is therefore proposed that the start date of new contracts be staggered across the schemes in order to ensure there is no disruption in service provision. A proposed timetable is set out in para 3.21.

### **Engagement**

- 3.17 Residents in the in house extra care housing schemes were advised in late 2013 that the care and support in these schemes was to be market tested and were subsequently advised that the original exercise had been unsuccessful. Current residents have been advised that this report is being considered by the Executive and will be kept informed fully throughout the process. As with the original tender for the external schemes, there will be an opportunity for residents to be represented in the evaluation process.
- 3.18 Arrangements for staff engagement are detailed in section 6 below.

### **Enabling contracts**

- 3.19 Hanover Housing Association currently provides housing related support in the three new schemes and has indicated willingness to extend their current contracts for the delivery of housing related support in order to facilitate the tendering of an integrated service. There is provision within the existing contracts for this extension. Officers are recommending that this option is exercised in order to facilitate continuity of service during the procurement exercise. This would require an extension of the contract to deliver housing related support in Crown Meadow Court for one year from 25<sup>th</sup> March 2016 until 24<sup>th</sup> March 2017.

- 3.20 As noted above, the current care contracts also have scope for extension. In order to manage the procurement exercise, it is proposed that the contract with Mears Care for care services in Crown Meadow Court be extended for a maximum period of one year from 25<sup>th</sup> March 2016 until 24<sup>th</sup> March 2017.
- 3.21 The contract with Hanover Housing Association for housing related support in Sutherland Court extends beyond the end of the care contract with Sanctuary Care. It is recommended that Officers explore the option of an early termination with Hanover in order that a new service combining care and housing related support could start on 21st August 2016.

### **Procurement and Implementation Timetable**

- 3.22 The proposed timetable is as follows:

2015	
August	Meetings with existing providers
September	Gateway report to Executive
October	Provider Open Day
November	Issue Specification to market
2016	
May	Contract Award, subject to results of tendering
June - July	Due diligence
August	Contract start for Regency Court and Sutherland Court subject to results of tendering
November onwards	Contract start for Apsley Court, Durham House and Norton Court subject to results of tendering
2017	
March 2017	Contract start for Crown Meadow Court subject to results of tendering subject to results of tendering

- 3.23 Officers recommend that the new contracts are awarded for five years with optional extensions of two years and a further two years. This approach would make the contracts substantial enough to be interesting to Care Providers and would also keep the costs of retendering to a minimum.

## **4 POLICY IMPLICATIONS**

- 4.1 The proposals within this report are consistent with current policy. The provision of extra care housing contributes to the Council's aim of helping people to remain independent.

## **5 FINANCIAL IMPLICATIONS**

- 5.1 The financial implications are set out in paras 3.6 – 3.8 above. The budgets for domiciliary care, residential, nursing and extra care are looked at as one overall budget available. In the last two years there have been voids in extra care housing due to the complex needs of the service users but the closure of Lubbock House has addressed the capacity issue. For the individual service users as needs vary it is difficult to project forward what will be required within each individual budget group. Significant budget savings have been achieved over the years by diverting service users from residential and nursing care into extra care (£1.5m) or help to support them to remain in their own home with domiciliary care packages/ direct payments.



- 5.2 The annual contract value for the extension of the contract with Mears is £444,653.
- 5.3 The extension of contract with Hanover will cost £43,244.
- 5.4 The current budgets for extra care housing are as follows:

	<b>Budget 2015/16 £000s</b>
In house schemes	1,063
External schemes	1,326

## **6 PERSONNEL IMPLICATIONS**

- 6.1 The personnel implications relate solely to the staff in the in house schemes. As indicated in previous reports informal consultation with staff and their representatives around market testing these services has been ongoing since 2011 following the publication of the Departmental Business Plan which outlined the services identified for market testing.
- 6.2. Following Executive's approval to commence the market testing staff and representatives including unions were invited to attend briefing sessions with the Assistant Director for Care Services in November 2013. Concerns from staff have remained around how the Council would assure the quality of any contracted provision. Staff were assured that the evaluation process would take into account both cost and quality.
- 6.3. Staff and their representatives have been engaged throughout the process of earlier market testing, with opportunities to feed in the process as appropriate. Staff and their representatives were advised in March 2015 that a decision had been made, based on staff and provider feedback, to re-tender these services as separate services to ensure best value. Engagement with staff will continue.
- 6.4. There are 47.54 FTE and an additional 25 casual staff working across the services in scope of this market testing. Any staffing implications arising from any recommendations or any potential award will need to be carefully planned for and managed in accordance with the Council policies and procedures and with due regard for the existing framework of employment law. In the event that a decision is made to recommence the tendering process there will be further consideration as to whether or not the Transfer of Undertakings (protection of Employment) Regulations 2006 (TUPE) as amended (2014) would apply and the consequential legal and financial implications arising from this. If an award was made, some or all of the staff maybe subject to TUPE.
- 6.5. If Members agree to commence the re-tendering process, staff and their representatives, including trade unions, will be updated as appropriate.

## **7 LEGAL IMPLICATIONS**

- 7.1 As Social Care Services, any tender would subject to the application of the "Light touch" regime under the Public Contracts Regulations 2015.
- 7.2 It is not anticipated that any award of contract will result in any changes to services, any changes to delivery models would be scrutinised. Providers will be made aware of the duties under the Equality Act 2010 and made aware that the Council would seek their corporation in

conducting a full equalities impact assessment with service users and other stakeholders as part of the due diligence process prior to or upon award of any contract if appropriate.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	<p>CS13045 October 2013 Extra care housing strategy for older people – update</p> <p>CS1424 Executive 11<sup>th</sup> February 2015 Long term care for older people - extra care housing supply and demand</p> <p>CS14143 Executive - May 2015 – Long Term Care for Older People – Extra Care Housing Supply and Demand.</p> <p>CS14122 – Executive 11<sup>th</sup> February 2015 – Direct Care Update</p>