

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report of: Deputy Leader and Cabinet Member for Health and Adult Social Care

Date: 23/01/2023

Subject: **Direct Award of Contract for Minterne Gardens Extra Care Service**

Report author: Karen Udale (Programme Lead) & Johan van Wijgerden
(Strategic Commissioner) – Adult Social Care Commissioning
and Partnerships

Responsible Director: Strategic Director of Social Care - Lisa Redfern

SUMMARY

This report seeks approval to directly award Housing 21 a contract for the Extra Care Service at Minterne Gardens. The scheme consists of 45 rented and 15 shared ownership flats, due to be completed early 2023. Due to the limited time available we have been unable to go to the market to source an alternative care provider.

Notting Hill Genesis (NHG), who purchased the building have given notice to cease providing Extra Care services in our borough and nationally. NHG have sold Minterne Gardens to Housing 21, a provider of Extra Care buildings and Care Services. NHG have also sold Elgin House an Extra Care Service and building (32 flats) to Housing 21, for which the final four years of contracted care services will be novated to Housing 21.

NHG also own the building and hold the contract for the Elmgrove Extra Care Service. This small 12-unit service will close 28 February 2023. Residents will be moved to the new Minterne Gardens.

RECOMMENDATIONS

1. To note that **Appendix 2** is not for publication on the basis that it is legally privileged as set out in paragraph 5 of Schedule 12A of the Local Government Act 1972.
2. To agree that the Contract will start from February 2023 until 31st March 2027 to bring it in line with the Elgin Extra Care contract.
3. The total value of the four-year Housing 21 Minterne Gardens contract is expected to be £3,919,566. The service is based on a core and flexi model which fits around resident's needs. This contract will provide a consistent and sustainable Extra Care Service for resident of the borough, which promotes independent living, enabling them to remain in their own home for as long as possible and reduces the need for more expensive residential care.

Wards Affected: Wormholt and White City

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Housing and care services employing local people and embracing volunteering and intergeneration work
Creating a compassionate council	Recognising resident's individual needs and building housing and services around them,
Doing things with local residents, not to them	Providing flexible care and support services and activities that promote independent living and a sense of wellbeing
Being ruthlessly financially efficient	Ensuring value for money by regular contract monitoring and adhering to KPI's
Taking pride in H&F	Providing new high standard homes and good quality care services for residents
Rising to the challenge of the climate and ecological emergency	Contracting with climate and ecological aware providers

Negotiated Costs

- Housing 21 original costings were higher than the average of our other Extra Care Services in the borough and we requested they reviewed their cost model.
- Officers interrogated Housing 21's original cost breakdown leading to a reduction to their overheads cost, including profit margins. Cost reductions were also achieved through reviewing the amount of hours and staffing originally included by Housing 21. Cost reductions did not affect staff salary which meets our London Living Wage (LLW) requirements.
- The scheme is a core and flexi model. We were able to negotiate less core hours at times of the day where residents were unlikely to need care and support, without compromising quality and safety of the service.
- The overall negotiated weekly cost is less than the nearest comparable extra care facility funded by Hammersmith and Fulham.
- In addition, as a variation to other similar contracts, the voids payment of 50% for the first six weeks only was agreed with Housing 21.

Financial Impact

- The weekly cost is £18,788 with an annual value of £979,580.
- During mobilisation of the contract there will be a phased resident intake and staffing will be scaled up resulting in reduced costs in the first year. See below for a breakdown:

Year	Forecast
February-March 2023	£69,066
April 2023-March 2024	£911,760
April 2024-March 2025	£979,580
April 2025-March 2026	£979,580
April 2026-March 2027	£979,580
Total Contract Value	£3,919,566

- The phased intake is expected to take six months with an anticipated average of five residents moving into Minterne Gardens per month.
- The contract will provide an average of 18.5 hours of care and support per week for each resident. The referral and assessment of residents for Minterne Gardens will be based on this.
- The scheme is expected to have a wide range of residents with varying needs from low, medium and high, which will determine the amount of care and support hours they require.
- The requirement for this contract to be within overall Adult Social Care budget means that we initially need to identify current residents with existing care packages who would be suitable for extra care placements.
- The annual budget of £979,580 comprises of 45 units at this new Extra Care Facility and can be funded in the following way:
 - £339,200 from the transfer of the closed Elm Grove Extra Care scheme of 12 units.
 - £640,800 is estimated budget transfer from the existing 33 residents receiving care package services.
 - This assumes that capacity remains at 100% throughout the contract. If the capacity is lower than this, there would be a saving on this contract but an incidental cost in the spot care market.

Lydia Nevitt, Principal Accountant, 17/11/2022,

Verified by Prakash Daryanani, Head of Finance (Social Care), 17/11/2022

Legal Implications

The legal implications are set out in Appendix 2

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Following Notting Hill Genesis (NHG) informing the council of its decision to pull out of delivering Extra Care Services in Hammersmith and Fulham and nationally, officers had to explore a number of options that would ensure service continuity for our residents currently in receipt of this service while at the same time giving due consideration to best value.
2. Extra Care is semi-independent living for those aged 55 and over. Residents have their own flats and tenancies. There is daily care and support on site with access to communal facilities such as a lounge and garden. The scheme provides a lunch time meal and activities for residents and is often a critical service along the pathway our older residents take before moving into a residential or nursing care home. It plays a key role in promoting independent living as it helps to keep residents living in the community for longer.

Options Appraisal

3. Option 1 - Do Not Provide Any Extra Care Services at Minterne Gardens.
This is not a recommended option. It is expected that the need for Extra Care accommodation will grow in the future as we try to enable people to live in the community for longer. Hammersmith & Fulham have no block residential care homes (only nursing) and the cost to place residents will increase. Extra Care can provide an alternative to residential care for many residents.

We need to act swiftly before Elmgrove closes on 28 February 2023. Residents will end up being displaced and accommodated across the borough in other schemes. Residents have expressed a wish to remain with friends and neighbours.

If we do not use the Extra Care accommodation at Minterne Gardens, Housing 21 who have purchased the building, will place residents from other boroughs there. This will have an increased cost to Hammersmith and Fulham health and care services for accommodating other boroughs residents while our waiting lists continue to increase.

4. Option 2 - Undertake a competitive tendering exercise.
This is not a recommended option. Whilst tendering the service might have caught the interest of a number of interested providers, tendering is a lengthy exercise that would not be completed by the time Minterne Gardens is ready for move in or in time to decant Elmgrove residents.

There is a North West London Extra Care Dynamic Purchasing System (DPS) but this has not been updated since 2019 when last used. No additional providers have been assessed as eligible to be added. Also, using the DPS will

still take longer than the time we have, to get a new service in place at Minterne Gardens.

The country is still recovering from the Covid19 pandemic and the care industry continues to struggle in maintaining post pandemic levels of sustainable providers for this type of service.

5. Option 3 – Provide an In-house service.

This is not a recommended option. This would be modelled on Hammersmith and Fulham Reablement Service but would be more costly than an external provider. The costings for the in-house service can be seen in Appendix 4, with the total cost highlighted in “yellow”. This model was developed between our finance department in consultation with the Head of Service for Operations.

Some experienced staff from the Reablement Service could transfer to Minterne Gardens. But it is unclear how many staff could do so, while still providing an efficient reablement service. Even with the TUPE of Elmgrove staff it will need substantial external recruitment to fully support an in-house service so scaling up staff will not be quick enough.

Hammersmith and Fulham reablement service is rated “Outstanding” by the Care Quality Commission and so we need to ensure quality standards are not compromised by using some of the reablement staff to prop up a new extra care service.

6. Option 4 – Allow the Extra Care Housing provider to deliver the care and support services at Minterne Gardens. **This is the Recommended option.**

The purchaser of Minterne Gardens, Housing 21, are an established Extra Care Service provider with schemes in other London Boroughs and country wide. They bring experience and expertise to delivering Extra Care and are able to set up and begin delivering the service quickly. Using TUPE staff from Elmgrove, Housing 21’s own bank staff, home care staff from their other services and knowledge in recruitment of care industry staff to scale up at speed.

A timely Extra Care Service is required to accommodate and provide a consistent service to those residents being decanted from Elmgrove.

The Councils Standing Order need to be waived to enable the speedy execution of a contract with Housing 21.

Key benefits of the new Extra Care Service with Housing 21

7. Housing 21 is a large Extra Care Provider (not for profit) with a record of good performance. Housing 21 operates in 240 local authority areas across England, managing over 22,000 Retirement Living and Extra Care properties and providing over 38,000 hours of social care each week.

8. 89% of Housing 21 Extra Care schemes are rated either 'Good' or 'Outstanding' by the CQC1
9. Housing 21 has launched an industry-first training academy for Care Workers with ambitions to one day progress to management level. Their intelligence in the area of workforce development may be added value as the council can lean on some of their experience and expertise.

Contract Terms

10. The contract will run from February 2023 to March 2027.
11. The council has the option to end the contract under the usual standard contract terms.

Contract Management

12. A full suite of key performance indicators and annual contract targets have been developed for the service and are detailed in Appendix 3.
13. The relationship between the Housing 21 and the council will be managed within Adult Social Care Commissioning who will be responsible for performance monitoring of the contract. Regular contract management meetings will be conducted with Housing 21 management team as well as announced and unannounced visit to Minterne Gardens.
14. To enhance contract performance the use of Assistive Technology, telehealth and telecare has been discussed with Housing 21 and this is a discussion that we will sustain in order to clarify how this will be introduced to the service, collaborating with relevant partner including technology providers and our health colleagues. The view is that this will drive improvement in service quality and promote residents independent living through the life of the contract.

Reasons for Decision

15. The housing provider of Minterne Gardens also delivers Extra Care Services elsewhere. They have the expertise to react quickly to the needs of the decanted Elm Grove residents.
16. Housing 21 have previous experience of mobilising services with short notice and collaborating with Local Authorities to establish referral and admission processes.

¹ [Housing 21 - Celebrations at Casson Court in Thorne, rated 'Good' by the CQC](#)

17. The hand-over of the building in early 2023 does not allow for a time-consuming tender process and we cannot delay filling the voids.

Equality Implications

18. No EIA has been conducted for the reasons stated below.
19. There are no anticipated negative implications for groups with protected characteristics, under the equalities act 2010, by the award of this contract.
20. Residents (and family members/guardians) have been involved in the process of decanting from Elmgrove into Minterne Gardens through consultation with the extra care provider and Hammersmith and Fulham Local Authority.
21. Through the social workers, any impact, both positive and negative, have been identified and all residents affected have been reviewed by an experienced social worker. A plan is in place to mitigate any negative affect and the residents are provided with different choices if they wish not to move from Elmgrove into Minterne.
22. As part of the commissioning relationship with the provider, quality of service delivery and protected characteristic groups will be monitored regularly with a focus on actions required.

Risk Management Implications

23. The report recommends the start of a contract which is necessary to ensure the Council continues to meet its responsibilities under the Health and Social Care Act 2012. The service involves the delivery of extra care in the borough. This report will ensure that the process for the new contract can be properly completed and implemented, in line with the council's objective of being ruthlessly financially efficient.

Ray Chitty, Head of Insurance Service, 18th November 2022

Climate and Ecological Emergency Implications

24. Climate Implications Toolkit attached. This is a newly build designated extra care facility where the climate implications have been appropriately assessed with an emphasis on local recruitment of staff and the use of accessible public transport.

Hinesh Mehta, Head of Climate Change, 18/11/2022

ICT and information governance

25. The new contract will need to include Hammersmith and Fulham data protection and processing Schedule, compliant with the General Data Protection Regulation (GDPR). Data processed outside of Hammersmith and Fulham corporate network and systems, requires the provider to complete a (Cloud) Supplier Security Questionnaire

Local Economy and Social Value

26. Housing 21 engages with volunteers for extended activities and intergenerational projects. Connect with the community and local businesses to enhance resident experience and wellbeing.
27. Visits with equivalent extra care properties in London have demonstrated a clear commitment by Housing 21 to local staff employment and community engagement.

Consultation

28. None

LIST OF APPENDICES

Appendix 1 - Direct Award Of Contract For Extra Care Services At Minterne House

Exempt Appendix 2 – Legal Implications

Appendix 3 – Key Performance Indicators

Appendix 4 – In-House Costing For Minterne Gardens

APPENDIX 1 - DIRECT AWARD OF CONTRACT FOR EXTRA CARE SERVICES AT MINTERNE HOUSE

Minterne Gardens annual cost will be £979,580 per annum. This will be a cost of £3,919,566 over the life of the contract (four years).

Housing 21's agreed cost breakdown for Minterne Gardens is as follows:

Item	Hourly Cost
Salary per hour	£13.29
Care staff - holiday	£1.60
Care staff - training	£1.18
Care staff - sickness	£0.40
Care staff - other downtime	£0.40
National Insurance	£1.35
Pension	£0.67
Other Direct Costs	£0.10
Overhead Salary Costs	£2.08
Overhead National Insurance	£0.17
Overhead Pension	£0.08
Other Overheads	£0.12
Cost before Profit allocation	£21.44
Corporate Allocation (3.5%)	£0.77
Operating Profit (3%)	£0.69
Total cost per hour	£22.50
At 18.5 total hours per resident per week	£418
At 18.5 hours total cost per week	£18,788

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APPENDIX 4 – IN-HOUSE COSTING FOR MINTERNE GARDENS

The total annual cost of attempting to deliver this the extra care service in-house is estimated to be just below £1.4M per annum.

ECH Direct Support Service Structure								
Position Description	Grade	Scale point (midpoint)	Cost	Fte	Full Year Cost	10% Enhanced shift allowance.	Total Cost	
Team Lead - Intermediate Care & Direct Support ECH.	PO7	45	67,466	0.5	33,733		33,733	
Business Support	SO1	24	42,582	0.5	21,291		21,291	
Direct Support ECH Manager	PO5-6	42	63,484	1	63,484	6,348	69,832	
Direct Support ECH Deputy Manager	PO3-4	36	55,535	1	55,535	5,554	61,089	
Direct Support Activity Coordinator	SO2	28	45,493	0.5	22,746		22,746	
Sub total				3.5	196,789	11,902	208,691	
Direct Support ILW	SO2	28	45,493	2	90,986	9,099	100,084	
Direct Support (Day) CIA	Sc5	14	35,426	5	177,130	17,713	194,843	Changed from SO1 to Sc5
Direct Support (Night) CIA	SO1	24	42,582	2	85,164	8,516	93,681	
Direct Support Care Assistants	Sc5	14	35,426	2	70,852	7,085	77,937	Add bank staff.
Direct Support ILW	SO2	28	45,493	1	45,493	4,549	50,042	
Direct Support (Day) CIA	Sc5	14	35,426	5	177,130	17,713	194,843	Changed from SO1 to Sc5
Direct Support (Night) CIA	SO1	24	42,582	2	85,164	8,516	93,681	
Direct Support Care Assistants	Sc5	14	35,426	2	70,852	7,085	77,937	Add bank staff.
Additional staff to bring to OH level (/40*45)	Sc5	14	35,426	6	212,556	21,256	233,812	
Sub total				27	1,015,327	101,533	1,116,860	
Note OH staff work 45 hrs, above costing is based on 36 hrs. Add cost added.								
Add staff cover - need to add something here as Olive						253,832	25,383	279,215
House get cover as required from other sites								
TOTAL				30.5	1,212,116	113,435	1,325,551	
Pay Award pending			1,925	30.5	58,713	4,537	63,250	Does the pay award result in shift allowance increase?
							1,388,801	Cost + pay award