

 <p><b>h&amp;f</b> the low tax borough</p>	<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>14 OCTOBER 2013</b></p>
<p><b>REQUEST TO AWARD AN INTERIM CONTRACT TO NOTTING HILL HOUSING FOR ELM GROVE HOUSE</b></p>	
<p><b>Cabinet Member for Community Care : Councillor Marcus Ginn</b></p>	
<p><b>Open report</b></p> <p>A separate report on the exempt Cabinet agenda provides commercially confidential information about this contract.</p>	
<p><b>Classification:</b> For decision <b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Jane West, Executive Director of Finance &amp; Corporate Governance</p>	
<p><b>Report Author:</b> Paulo Borges (Contracts &amp; Procurement Manager)</p>	<p><b>Contact Details:</b> Tel: 020 8753 5748 Email: paulo.borges@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1 A significant increase in the population of the borough is expected over the next 20 years, with the largest percentage increases in the over 65 and over 85 age categories. With this increase in the older population it is expected that there will be significant increases in residents seeking housing with care. Consideration is therefore being given to supporting investment in Extra Care accommodation to meet the needs of older people. The rationale for this is to reduce the need to commission a proportion of these people in residential care and to ensure that the care needs of these individuals can be met in a cost effective way.
- 1.2 There is already a high demand for Extra Care within the Borough and work is currently being undertaken to look at ways of increasing provision. As there is no suitable housing stock available to convert into Extra Care, all current solutions being explored will take at least two years to come to fruition.

- 1.3 Elm Grove House is a small Extra Care unit run by Notting Hill Housing that the Council has been funding since 1987. Although the service does not meet with the accommodation standards that the Council has set down for Extra Care (it consists of bed sits as opposed to self-contained flats), it is a very well-run and popular scheme. The Council had always intended to close the service once better accommodation had been commissioned but the increased demand for Extra Care has meant that we have continued to need the scheme. The service has been out of contract for a number of years but we have not been able to go out to open tender for this service as we do not see this as a long term service.
- 1.5 The report below sets out the background, the details of the current contractual arrangements and the reason for the request.

## **2. RECOMMENDATION**

- 2.1 That Cabinet approve a waiver of the Council's Contract Standing Orders and agree the award of a 3 year fixed term contract with Notting Hill Housing in respect of Elm Grove House at a cost of £283,944 per annum.

## **3. REASONS FOR DECISION**

- 3.1 This recommendation is made under the auspices of the LBHF Corporate Transforming Procurement Programme (TPP) as undertaken by Agilisys.
- 3.2 Elm Grove House has been operating without a formal contract for a number of years and NHHG are offering significant savings with the proviso that they be allowed the opportunity to continue providing the service and formal contractual arrangements are put in place for three years.
- 3.3 The rationale behind the recommendation is that the demand for Extra Care housing in the borough is increasing and it is estimated that it will take around 3 years before a full strategy can be put in place to meet the growing need. The new strategy is likely to recommend for Elm Grove House to be decommissioned as it does not meet the Council's usual standards of Extra Care. If we were to go out to tender now it would be at least a year before a new contract would be let which would mean that we would be issuing a contract for only 2 years which no provider is likely to bid for. There is therefore a significant risk of the tender failing.
- 3.4 In January 2012 a Cabinet Member Decision was taken to review current sheltered housing stock in the borough with a view to

converting some of the properties into Extra Care. The finding was that there were no suitable sites within the current sheltered housing stock that could viably be transferred to Extra Care housing.

#### **4. BACKGROUND, INCLUDING POLICY CONTEXT, AND ANALYSIS OF OPTIONS**

4.1 The Council is committed to the developing an Extra Care service that's in line with the Housing LIN Extra Care toolkit which represents current best practice:

- To provide a "home for life" as far as practically possible
- To create an enabling environment.
- To be domestic in style.
- To create a building to be proud of.
- To enable staff to run and manage the building efficiently and to meet care and support needs of residents.
- To allow individuals to find privacy, comfort, support and companionship.
- To create a resource for the local community.
- To provide green and intelligent housing.
- Consider the possibility of a mix of one and two bed flats. One bedroom flats should be at least 50 sq. m. Two bedroom flats should be at least 60 sq.m.

4.2 The current service at Elm Grove House has 14 bedsit units and is located just off the Hammersmith Broadway. The housing management and care is provided by Notting Hill Housing and the original contract was set up in 1997 for a period of five years. With the exception of the physical dimensions of the site, the scheme adheres to all the criteria for Extra Care. The initial idea was to build a new service at Elgin Close where the residents of Elm Grove House would move to. When the Elgin Close scheme was completed it was oversubscribed and the Council had to hold on to Elm Grove House until further provision could be sourced.

4.3 Although the facilities at Elm Grove House are not the most modern it does have a number of characteristics that make it attractive. With only fourteen units it feels very intimate, it is very centrally located, it has a large garden which is perfectly maintained and the turnover of staff and residents is very low. The scheme has always been very well run and the Council has never formalised the contractual arrangements.

4.4 The Council currently has 120 Extra Care units across four sites and there is currently a waiting list of 14 people. Extra Care is a core part of the Council's housing and care strategy and we are looking to increase provision going forward. We recently negotiated with Housing for an additional 25 units at Olive House which are currently being used as

sheltered housing. Even this additional provision will not be enough to meet the demand for Extra Care in the Borough.

- 4.5 All current adult social care services are being reviewed as part of the Council's Transforming Procurement Plan. Notting Hill Housing were approached to secure savings in both the Extra Care schemes they currently run in the Borough. The outcome of the negotiations with Notting Hill has been that they will offer up savings of 10% on the value of the two services in return for a fixed three year contract on the Elm Grove service. This equates to a saving of £50k in this financial year and £100k in 14/15 and for two years after that (to November 2016).
- 4.6 Consideration was taken to tender the service as per the Council's contract standing orders. In weighing up this option we took into consideration the time it would take to carry out a full tender exercise as well as the length of the contract term. We concluded that it would take up to a year to complete a tender exercise which would mean awarding a contract for two years. This did not appear to be a viable option as no provider would be likely to bid for a contract as short as that. The cost to the Council in man hours also make this a poor alternative. Notting Hill Housing also made it clear that the savings on both schemes was dependent on the Council formalising the contractual arrangements with regards to Elm Grove House.

## **5. EQUALITY IMPLICATIONS**

- 5.1 No consultation has been carried out with the residents of Elm Grove House as the decision is to maintain the status quo and there will be no impact on the service or the residents. Awarding Notting Hill a three year contract will provide additional security and stability to the residents of Elm Grove House.

## **6. LEGAL IMPLICATIONS**

- 6.1 It appears that there are no formal written contracts in place for either of the arrangements which are recommended to be formalised and extended under this report. However, there will be an implied contract in place the terms of which will be based upon any earlier written conditions, any agreed terms and the course of conduct of the parties. In the absence of an express notice period for termination a 'reasonable period' (determined by the circumstances) must be given to terminate the contracts.
- 6.2 The services described in this report are Part B services under the Public Contracts Regulations 2006 and are therefore not subject to the full regime of those Regulations. However, the Council should still seek to comply with general treaty principles of transparency, equal treatment, non-discrimination and proportionality. On this basis, contracts should not generally be extended beyond the term for which

they were originally advertised and procured not awarded without competition. The reasons for seeking to award these contracts directly are set out in the body of the report..

6.3 Implications verified/completed by: Catherine Irvine – 020 8753 2774

## **7. PROCUREMENT CODE IMPLICATIONS**

7.1 Clause 12.2 of the Contract Standing Orders requires that the appropriate Cabinet Member be responsible for approving the relevant Business Case / procurement strategy at the beginning of the procurement process for all tenders regarding services where the estimated value exceed £1M. It is recommended that this be presented to the cabinet member for Community Care for his approval before going to full Cabinet in October.

7.2 Clause 12.3 requires the submission of a minimum of 5 tenders if the total estimated value is over £1M per annum. An exemption to this clause is being sought in order to award the contract to Notting Hill Housing.

## **8. FINANCIAL AND RESOURCES IMPLICATIONS**

### **Budget/funding arrangements**

8.1 The budget holder for the NHHG contract is Ann Stuart – Head of Assessment and Care Co-ordinator

8.2 The current 2013/14 annual contract value & budget for Elm Grove and Elgin Close is listed in the table below. The Elgin Close budget is being included for information purposes as there is a saving attached which is dependent on the Elm Grove contract.

8.3 There are other financial comments in the separate exempt report.

8.4 Implications verified/completed by: Prakash Daryanani – 020 8753 2523.

### **LOCAL GOVERNMENT ACT 2000**

#### **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
	None		